

# Arizona Department of Child Safety

Department has processes for key responsibilities, such as assessing child safety in response to abuse/neglect reports, but did not consistently provide timely and quality court reports or ensure some license applicants met licensing requirements, and has not fully implemented most recommendations from 6 prior special audits

Performance Audit and  
Sunset Review

September 2023  
Report 23-115

A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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September 29, 2023

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor

Mr. David Lujan, Cabinet Executive Officer/Executive Deputy Director  
Arizona Department of Child Safety

Transmitted herewith is the Auditor General's report, *Arizona Department of Child Safety—Performance Audit and Sunset Review*. This report is in response to a December 17, 2020, resolution of the Joint Legislative Audit Committee. The performance audit and sunset review was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Arizona Department of Child Safety agrees with all the findings and plans to implement or implement in a different manner all the recommendations. My Office will follow up with the Department in 6 months to assess its progress in implementing the recommendations. I express my appreciation to Cabinet Executive Officer/Executive Deputy Director Lujan and Department staff for their cooperation and assistance throughout the audit.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

## Arizona Department of Child Safety

Department has processes for key responsibilities, such as assessing child safety in response to abuse/neglect reports, but did not consistently provide timely and quality court reports or ensure some license applicants met licensing requirements, and has not fully implemented most recommendations from 6 prior special audits

### Audit purpose

To determine whether the Department complied with State requirements for providing reports to the juvenile court for dependency review hearings; State conflict-of-interest law; safeguarding information technology (IT) systems and data; and licensing group homes, foster homes, and adoption agencies within required time frames; and to provide responses to the statutory sunset factors.

### Key findings

- The Department has developed processes for assessing child safety in response to reports of abuse and neglect as recommended in our September 2015 special audit and increased the percentage of children placed in kinship care since 2018. However, it has not fully implemented 42 of 58 recommendations from 6 special audit reports we issued between 2016 and 2021, including recommendations related to court report timeliness and quality.
- The Department did not submit 69 percent of 67 juvenile court reports we reviewed at least 15 days prior to hearings as required by court rules, and 17 of 28 judges we interviewed reported issues with report quality, such as outdated or lack of specific information. Inconsistently providing timely court reports with quality information can delay decisions about children's services and placement in a stable, permanent home.
- Of 29 license applications from foster homes and adoption and child welfare agencies we reviewed, the Department did not ensure 9 applicants met requirements prior to issuing a license, such as documenting review of fingerprint clearance cards and required staff education and work history. Additionally, the Department did not approve or deny 6 applications within required time frames.
- Department lacked written procedures for some State IT security requirements intended to protect critical IT infrastructure and access to sensitive and confidential information related to children.
- Department did not comply with some State conflict-of-interest requirements, and its conflict-of-interest process was not fully aligned with recommended practices, increasing risk employees had not disclosed substantial interests that might influence their official conduct.

### Key recommendations

The Department should:

- Ensure caseworkers submit court reports 15 days prior to dependency review hearings and work with the juvenile court and stakeholders to determine how the Department can improve court report quality.
- Ensure it licenses only qualified adoption and child welfare agency applicants.
- Implement its revised action plan to address IT security policies and procedures.
- Implement conflict-of-interest disclosure policies and ensure all employees complete a disclosure form.



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# INTRODUCTION

The Arizona Auditor General has released the third in a series of 3 audit reports of the Arizona Department of Child Safety (Department) as part of the Department's sunset review. The first performance audit determined whether the Department complied with statute by providing information necessary for local foster care review boards (local boards) to complete case reviews of children in out-of-home care (see textbox for a definition of out-of-home care and other key terms) and whether Department specialists (caseworkers) complied with the Department's local board case review attendance policy. It also included a Questions and Answers section related to the Department's provision of access to the Department's case management system, Guardian, to the Arizona Ombudsman-Citizens' Aide (State Ombudsman).<sup>1</sup> The second performance audit determined whether the Department has investigated and resolved complaints against and conducted ongoing monitoring of licensed child welfare agencies and foster homes consistent with State law and best practices.<sup>2</sup> This sunset review determined whether the Department complied with statute, rule, and/or its policies and procedures in the following areas: providing reports to the juvenile court prior to dependency review hearings; State conflict-of-interest law; safeguarding its information technology (IT) systems and data; and licensing qualified applicants for child welfare agency, foster home, and adoption agency licensure within required time frames. This sunset review report also includes responses to the statutory sunset factors.

## Key terms

**Case**—Any instance when the Department becomes involved with a child or family, including when the Department investigates allegations of child abuse or neglect and/or coordinates services for families.

**Dependent**—Determination by a juvenile court that a child is in need of proper and effective parental care and control. The court must decide on the dependent child's services and placement, including out-of-home care.

**Permanency**—The permanent, legal placement of a child after the child is removed from their home. The preferred permanency option is safely reuniting the child with family, but other options include adoption or permanent guardianship.

**Out-of-home care**—The placement and services involving a child who has been removed from their home and placed most commonly in one of the following settings, listed in order of placement preference:

- **Kinship care**—Placement with a relative or a person with a significant relationship with the child.
- **Foster home**—Residence maintained by a foster parent licensed by the Department to care for children placed in foster care.
- **Congregate care**—Various placements that are not a family-like setting, including group homes, residential treatment centers, and emergency shelters.

Source: Auditor General staff review of statute, Department rules, juvenile court rules, Department policy, and Department website.

<sup>1</sup> See Arizona Auditor General report 23-102 *Arizona Department of Child Safety—Information provided to local foster care review boards and State Ombudsman*.

<sup>2</sup> See Arizona Auditor General report 23-113 *Arizona Department of Child Safety—Licensed foster care provider oversight*.



## Department history, mission, and responsibilities

Laws 2014, 2nd S.S., Ch. 1, established the Department with the primary purpose to protect children in Arizona, and its mission is “to successfully partner with families, caregivers, and the community to strengthen families, ensure safety, and achieve permanency for all Arizona’s children through prevention, services, and support.”<sup>3</sup> The Department’s statutory responsibilities include:

- **Receiving and investigating allegations of child abuse and neglect and other criminal conduct against children**—As required by statute, the Department operates and maintains a centralized hotline for the public to report allegations of child abuse and neglect, and is responsible for investigating these allegations (see Sunset Factor 2, pages 34 and 35, for additional information about the Department’s processes for screening and investigating child abuse and neglect allegations).<sup>4,5</sup> Additionally, as required by statute, the Department has established the Office of Child Welfare Investigations (OCWI) to investigate, jointly with law enforcement agencies, allegations of criminal conduct against children.<sup>6,7</sup> Statute requires OCWI child welfare investigators to undergo training in various areas such as forensic interviewing, child physical and sexual abuse investigation, and relevant law enforcement procedures such as collecting and preserving evidence.<sup>8</sup> As seen in Figure 1, page 3, the Department accepted 43,806 reports of abuse and neglect during fiscal year 2023 and had 7,416 open reports as of the end of fiscal year 2023.<sup>9</sup>

Additionally, Department policy outlines criteria for its investigators to determine whether any child in the home where abuse or neglect was alleged to have occurred is in present or impending danger. Department policy also requires Department investigators to implement a plan to ensure a child’s safety if they are found to be in present or impending danger, which may include removing the child from the home as authorized by statute and placing them in the temporary custody of the Department.<sup>10,11</sup> Further, the

<sup>3</sup> The Department was created, in part, to address a backlog of thousands of reports of child abuse and neglect not investigated by its predecessor agency, the Child Protective Services Division of the Arizona Department of Economic Security (DES).

<sup>4</sup> A.R.S. §§8-451, 8-455, and 8-456.

<sup>5</sup> Pursuant to A.R.S. §8-201(2), abuse is defined as the infliction or allowing of physical injury, impairment of bodily function or disfigurement, or the infliction of or allowing another person to cause serious emotional damage as evidenced by severe anxiety, depression, withdrawal, or untoward aggressive behavior and which is diagnosed by a medical doctor or psychologist and is caused by the acts or omissions of an individual who has the care, custody, and control of a child. Abuse includes inflicting or allowing sexual abuse, sexual assault, child sex trafficking, or other sexual exploitation of a child; physical injury resulting from allowing a child to enter or remain in a structure or vehicle with toxic chemicals or equipment for purpose of manufacturing dangerous drugs; and unreasonable confinement of a child. Pursuant to A.R.S. §8-201(25), neglect includes the inability or unwillingness of a parent, guardian, or custodian of a child to provide that child with supervision, food, clothing, shelter, or medical care if that inability or unwillingness causes substantial risk of harm to the child’s health or welfare, except if the inability to provide services to meet the needs of a child with a disability or chronic illness is solely the result of the unavailability of reasonable services; and a determination by a health professional that a newborn infant was exposed prenatally to certain drugs or substances and the exposure was not the result of a medical treatment administered to the mother or newborn.

<sup>6</sup> A.R.S. §§8-451, 8-471.

<sup>7</sup> Pursuant to A.R.S. §8-201(8), criminal conduct allegations are defined as allegations of conduct by a parent, guardian, custodian of a child, or adult member of a victim’s household that, if true, would constitute any of various criminal violations, such as felony domestic violence and sexual conduct with a minor.

<sup>8</sup> According to A.R.S. §8-471(E), child welfare investigators shall assess, respond to, or investigate all criminal conduct allegations, but not otherwise exercise the authority of a peace officer.

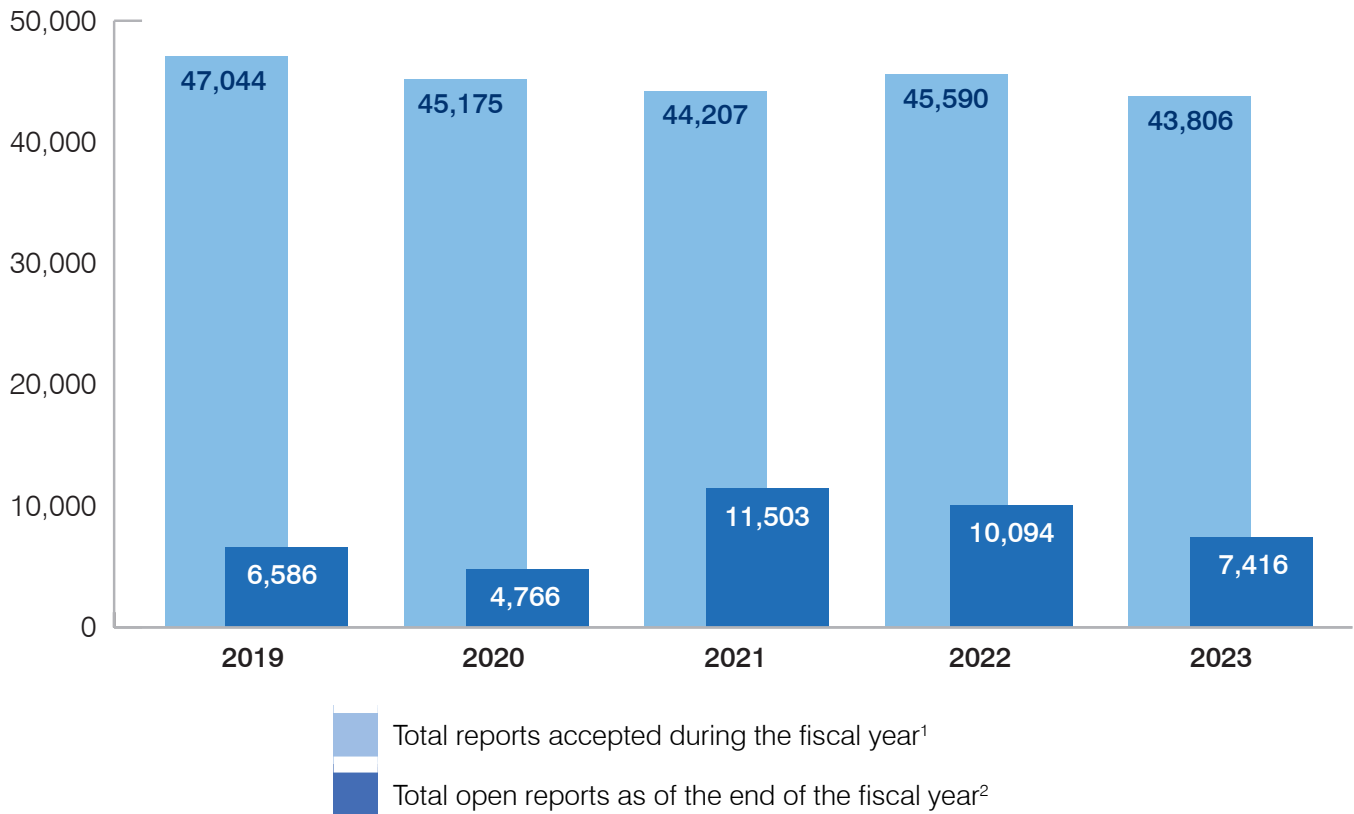
<sup>9</sup> It is possible for a report to be open for more than a year; however, according to the Department, these account for a small proportion of open reports. For example, as of August 16, 2023, the Department reported that 91 percent of its 6,701 open reports had been open for 6 months or less, including 41 percent that had been open for less than 1 month. Only 2 percent, or 164 of 6,701, of open reports had been open for more than a year.

<sup>10</sup> According to Department policy, safety planning consists of taking actions or providing resources to ensure a child’s basic needs and safety are met, including obtaining resources for the family, such as food or housing; providing crisis intervention and counseling; and identifying a responsible adult who is available to be present in the home to address dangers to the child.

<sup>11</sup> A.R.S. §8-821 authorizes the Department to take a child into temporary custody pursuant to an order of the superior court, with the consent of the child’s parent or guardian, or if temporary custody is clearly necessary to protect the child from serious harm in the time it would take to obtain a court order and either of the following is true: (1) there is no less-intrusive alternative that would reasonably and sufficiently protect the child’s health or safety or (2) probable cause exists to believe the child is a victim of sexual or serious physical abuse. Additionally, children must not remain in temporary custody for more than 72 hours (excluding weekends and holidays) unless a dependency petition is filed.

Department is authorized by statute to file a petition to commence dependency proceedings in the juvenile court, and the juvenile court may adjudicate a child dependent and place them under the legal custody of the Department (see Appendix A, pages a-1 through a-4, for additional information about the State’s juvenile dependency adjudication and review processes).

**Figure 1**  
**Department has accepted more than 40,000 reports of abuse and neglect each year since fiscal year 2019**  
(Unaudited)



<sup>1</sup> The Department must investigate a report if the identity or current location of the child victim, the child’s family, or the person suspected of abuse or neglect is known or can be reasonably ascertained and all of the following are alleged: (1) the suspected conduct would constitute abuse or neglect; (2) the suspected victim of the conduct is under 18 years of age; (3) the suspected victim of the conduct is a resident of or present in Arizona; and (4) the person suspected of committing the abuse or neglect is the parent/guardian of the victim or an adult member of the victim’s household. Except for criminal conduct allegations, the Department is not required to investigate a report if all of the following apply: (1) the suspected conduct occurred more than 3 years before the communication to the hotline and (2) there is no information or indication that a child is currently being abused or neglected. See A.R.S. §8-455(D) and (E).

<sup>2</sup> According to the Department, “open report” means the Department is still investigating the report and/or finalizing other actions, such as obtaining medical records or police reports, waiting to interview additional individuals associated with the report, or waiting for law enforcement assistance. According to the Department, almost all open reports as of the end of a fiscal year were received within that fiscal year.

Source: Auditor General staff review of the Department’s July 2023 *Monthly Operational and Outcome Report*.

- Promoting the safety of children in an appropriate placement and coordinating programs and services to help children achieve permanency, strengthen families, and prevent child abuse—**  
Pursuant to A.R.S. §8-514(B) and Department policy, when the juvenile court adjudicates a child dependent and orders them placed in out-of-home care, the Department must place the child in the least restrictive, meaning most family-like, setting available consistent with the best interests of the child. For example, placements with a relative or in a foster home are more family-like settings than congregate care, which is a

group-like setting. Additionally, with some exceptions, the Department is responsible for making reasonable efforts to provide services to the child and their parents and to help the child achieve permanency.<sup>12</sup> The Department is also responsible for providing services to young adults up to age 21 who are eligible to participate in the Department's extended foster care program, as authorized by statute.<sup>13</sup> As seen in Figure 2, as of May 2023, most children ages 0 to 17 in out-of-home care under the Department's custody were placed in kinship care and licensed foster homes, whereas most young adults ages 18 to 21 in the Department's custody were in independent living or congregate care.<sup>14</sup> Additionally, the juvenile court may place a child who is the subject of a dependency petition with their parents conditional upon various requirements, such as the parent's agreement to participate in services, and may order a training or treatment plan for the parent and the child.<sup>15</sup> As of May 31, 2023, the Department reported 3,138 children throughout the State were receiving in-home services.<sup>16</sup>

The Department reported it employs nearly 2,000 caseworkers and other support staff to help manage children's cases and coordinate and facilitate families' participation in various programs and services. To help provide these services to children and families, the Department has contracted with multiple external providers to deliver these programs and services (see Sunset Factor 3, pages 38 and 39, for more information about the distribution of caseworkers throughout the State and Sunset Factor 12, pages 44 and 45, for more information about the Department's contracting). Examples of Department- and contractor-provided services include:

- **Child abuse and neglect prevention and treatment services**—The Department coordinates services to help prevent child abuse and neglect and to promote child safety. For example, the Department has contracted for the Healthy Families Arizona program, which is a home visitation program intended to help support pregnant women and parents of newborns through child development education, parenting skills training, and referrals to community resources such as healthcare and housing. Additionally, the Department may refer families of substance-exposed newborns to services with the goal to keep the child in the home, including visits from a registered nurse and other supports to help parents achieve sobriety. The Department has also developed a campaign to educate families about safe sleeping practices for infants.
- **Permanency services and supports**—Department caseworkers are also responsible for coordinating and facilitating various services to help children achieve permanency, such as developing plans for parent-child visitation time, assisting parents to access resources for stable housing, and coordinating transportation. Additionally, caseworkers may refer families to other services that are intended to address the circumstances that led to a child's removal, such as substance abuse treatment, counseling, and skill-building programs for parents.<sup>17</sup> For example, the Department contracts for the Nurturing Parenting Program, which comprises various weekly lessons to help parents learn about empathy, appropriate expectations and family roles, and nonviolent discipline. The Department also contracts for the Family Connections program, which is intended to connect families to community resources such as clothing or shelter and provide parents training in skills such as stress management.

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<sup>12</sup> A.R.S. §8-846.

<sup>13</sup> Pursuant to A.R.S. §8-521.02, young adults eligible for extended foster care are 18, 19, or 20 years old and who were in the custody of the Department as a child when they turned 18. Young adults in the program must also meet other criteria, such as completing secondary education or being actively employed. The Department is responsible for developing and coordinating educational case management plans for young adults in the extended foster care program to help them accomplish steps such as graduating from high school and applying for and completing postsecondary education classes. See pages 5 and 6 for more information about the Department's young adult program.

<sup>14</sup> Pursuant to A.R.S. §8-548 et seq, the Department is also responsible for administering the Interstate Compact on the Placement of Children in Arizona, which establishes requirements for the Department to receive children from and send children to other states in the compact for suitable placement, including adoption.

<sup>15</sup> See A.R.S. §8-891; Arizona Rules of Procedure for the Juvenile Court (Ariz. R.P. Juv. Ct.) 330.

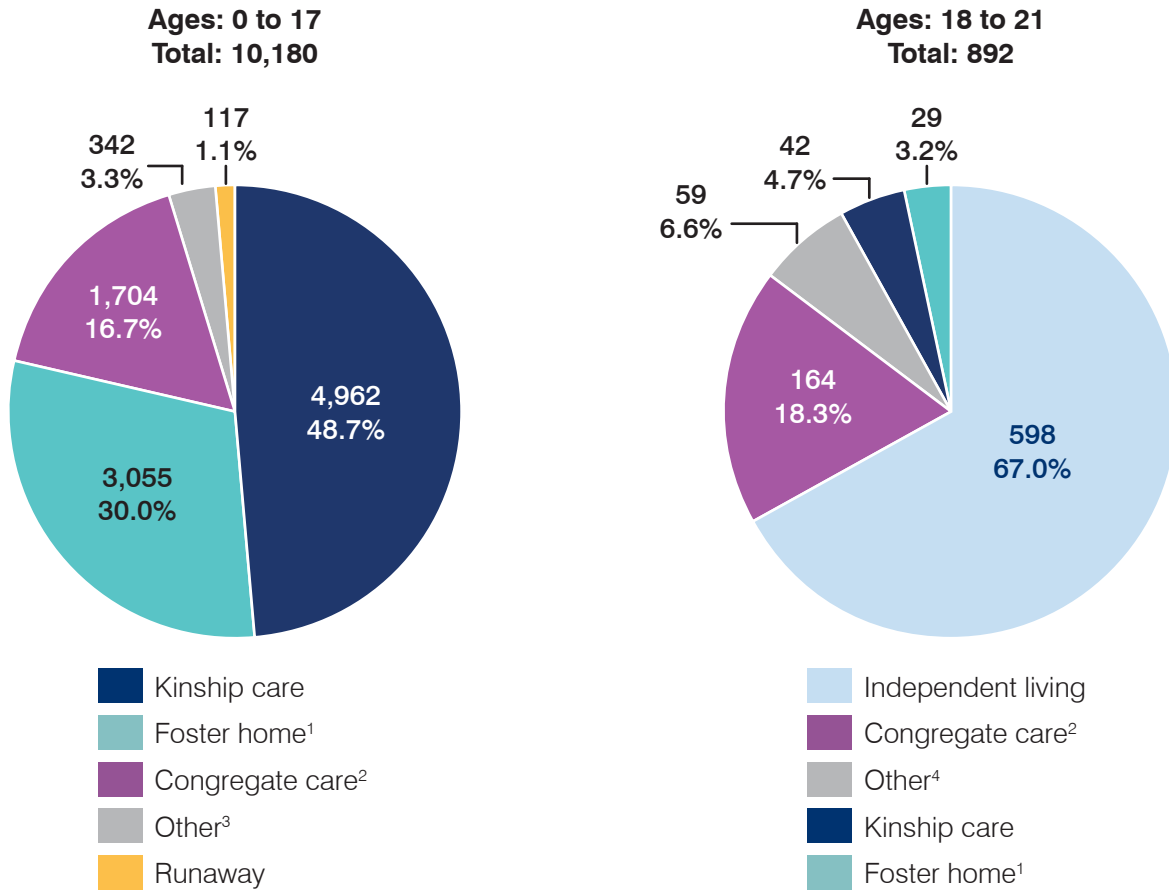
<sup>16</sup> See Department's July 2023 *Monthly Operation and Outcome Report*.

<sup>17</sup> For more information about the Department's community substance abuse prevention and treatment program, see Arizona Auditor General report 18-103 *Arizona Department of Child Safety—Arizona Families F.I.R.S.T.*

**Figure 2**

**Most children ages 0 to 17 placed in kinship care and foster homes, and most young adults ages 18 to 21 placed in independent living and congregate care**  
**As of May 31, 2023**

(Unaudited)



<sup>1</sup> Includes kinship caregivers who obtained a foster home license.  
<sup>2</sup> Includes shelters, group homes, and residential treatment facilities.  
<sup>3</sup> Includes 35 missing or abducted children, 305 children whose placement decision was pending, and 2 children returned to their parent/guardian on a trial basis.  
<sup>4</sup> Includes 55 young adults whose placement decision was pending and 4 young adults who had run away while in Department custody.

Source: Auditor General staff review of the Department’s June 2023 Monthly Operational and Outcome Report.

- Providing services to help children in foster care transition to adulthood**—The Department offers various services for children and young adults who are under 21 years old, which the Department refers to as the Young Adult Program. According to the Department, the Young Adult Program is intended to help youth develop the skills and competencies necessary for a successful transition to adulthood. For example, statute authorizes the Department to provide an extended foster care program to eligible young adults under age 21 and an independent living program for children over age 17 that are intended to help participants prepare for and make the transition to adulthood, including helping them graduate from

high school and applying for postsecondary education.<sup>18,19</sup> Further, although independent living program participants are not required to live in a licensed child welfare agency or foster home, they must maintain a Department-approved living arrangement (see Table 1, page 7, for more information about licensed child welfare agencies and foster homes).<sup>20</sup>

- **Licensing and overseeing foster homes and other agencies**—The Department is statutorily authorized to issue licenses to qualified adoption agencies, child placing agencies, child welfare agencies, and foster homes in Arizona (see Table 1, page 7, for more information about these license types and see Sunset Factor 2, pages 27 and 28, for more information about licensing requirements and the Department’s processes for issuing licenses to qualified applicants).<sup>21</sup> Additionally, the Department has established the Office of Licensing and Regulation (OLR) to issue licenses and conduct oversight of licensed agencies and homes, including by investigating and resolving complaints against licensees (see Arizona Auditor General Report 23-113 for our findings and recommendations related to the Department’s processes for overseeing licensed child welfare agencies and foster homes).<sup>22</sup> Finally, to help it oversee licensed foster home operations, the Department contracts with licensing agencies to recruit, train, and assist prospective foster home applicants in the licensure process; and to monitor licensed foster home operations, as required by rule (see Sunset Factor 2, pages 32 and 33, for additional information about the Department’s processes for overseeing licensing agencies’ foster home monitoring).<sup>23</sup>
- **Providing comprehensive medical care to children in foster care**—The Department is statutorily required to provide children in foster care comprehensive medical and dental care, including behavioral health services, consisting of benefits provided by the Arizona Health Care Cost Containment System (AHCCCS), which is the State’s Medicaid agency.<sup>24</sup> To meet this requirement, AHCCCS has contracted with the Department, and the Department has contracted with a managed care organization to implement, manage, and provide integrated physical and behavioral health services for children through the Department of Child Safety Comprehensive Health Plan (DCS CHP) (see textbox for more information about managed care organizations).<sup>25</sup> DCS CHP’s benefits include primary and specialty physician care, behavioral healthcare, vision and dental care, prescription drugs and medical supplies, and hospital care (see Sunset Factor 2, page 35, for more information about the Department’s oversight and administration of DCS CHP).

**Managed care organization**—An organization that contracts with a state Medicaid agency, including AHCCCS, to accept a set per member per month payment to provide a comprehensive set of benefits and services to Medicaid beneficiaries through contracted providers such as physicians.

Source: Auditor General staff review of information from the Centers for Medicare and Medicaid Services website.

<sup>18</sup> Pursuant to a June 21, 2023, resolution of the Joint Legislative Audit Committee, the Arizona Auditor General is required to conduct a special audit of the Department’s Young Adult Program to be completed on or before September 30, 2024. This special audit will include a review of the Department’s status in implementing Laws 2023, Ch. 141, which expands the extended foster care component of the Young Adult Program.

<sup>19</sup> To be eligible for the independent living program, children must be in the Department’s custody, be at least 17 years of age, and be employed or full-time students. Additionally, the juvenile court must approve a child’s participation in the program. See A.R.S. §8-521.

<sup>20</sup> The independent living program includes a monthly stipend for living expenses and educational case management services for participants. See Arizona Administrative Code (AAC) R21-5-201 et seq.

<sup>21</sup> A.R.S. §§8-126, 8-505, 8-509.

<sup>22</sup> A.R.S. §8-126; AAC R21-6-218.

<sup>23</sup> AAC R21-6-205 and 218.

<sup>24</sup> A.R.S. §8-512. The Department must provide this comprehensive care to children in a voluntary placement with the Department, in the custody of the Department in out-of-home placement, or in the custody of a probation department and placed in foster care.

<sup>25</sup> The managed care organization contracts with various healthcare providers, such as physicians and hospitals, to provide healthcare services to children covered under DCS CHP.

**Table 1**  
**Department authorizes and oversees 2,624 licensees, including foster homes and child welfare agencies**  
**As of July 2023**  
(Unaudited)

License type	Description	Number of active licenses
Adoption agency	Agency authorized to perform adoption services, such as matching birth parents to adoptive parents and supervising adoption placements.	17
Child placing agency	An organization authorized in its license to place a child in out-of-home care or for adoption. <sup>1</sup>	8
Child welfare agency	An organization licensed by the Department to receive and care for children in a group home or shelter. <sup>2,3,4</sup> A child welfare agency can operate more than 1 group home or shelter under its license.	85
Foster home	Residence maintained by a foster parent licensed by the Department to care for children placed in foster care. <sup>5,6</sup>	2,514
<b>Total licenses</b>		<b>2,624</b>

<sup>1</sup> Although the Department licenses child placing agencies, it reported it does not use these agencies to place children under the Department's custody. Instead, according to the Department, when other entities, such as the federal Office of Refugee Resettlement or tribal nations, need to place children in Arizona, they do so through licensed child placing agencies, which are then responsible for the care, custody, and control of these children.

<sup>2</sup> Licensed child welfare agencies must apply for an operating certificate for each group home or shelter facility the agency plans to operate separate from its administrative offices. As of July 2023, the Department reported there were 254 group homes and 13 shelters operated by 85 actively licensed child welfare agencies. See AAC R6-5-7409 through R6-5-7410.

<sup>3</sup> Child welfare agencies do not include State-operated institutions or facilities, juvenile detention facilities, or healthcare institutions licensed by the Arizona Department of Health Services.

<sup>4</sup> The Department enters into contracts with licensed child welfare agencies with which it places children under the Department's custody.

<sup>5</sup> When the Department places children in kinship care, which is placement with a relative or other individual with whom the child has a significant relationship, the relative or other individuals are not required to obtain a foster home license.

<sup>6</sup> There are various types of foster homes licensed by the Department that provide specialized services that require foster parents to meet additional qualifications for licensure, including therapeutic foster homes to care for children with behavioral health needs, group foster homes to care for up to 10 children at a time, medically complex foster homes to care for children with complex medical needs, and receiving foster homes to care for children with limited notice and for a limited period of time. Additionally, in order to receive a child with a developmental disability, a foster parent must apply for a child developmental home license, which is issued by DES.

Source: Auditor General staff review included A.R.S. §§8-503, 8-505, 8-509 et seq; AAC R6-5-6901, R6-5-7401, R21-6-101, R21-9-101 et seq; and Department-provided information.

- **Developing a child case management data system to perform various functions**—The Department is statutorily required to develop a data system with all relevant information relating to a child’s case.<sup>26</sup> In February 2021, the Department began using a new child welfare IT system, Guardian, that includes multiple tools for caseworkers and other Department staff to manage cases opened by the Department, including receiving reports and tracking investigations of child abuse and neglect.<sup>27</sup> Guardian also includes other functionalities such as tracking investigations of licensed child welfare agencies and foster homes and administering services for and distributing monies to children and families (see Sunset Factor 2, page 33, for more information on needed Guardian improvements).
- **Providing information to other State entities, including the juvenile court**—The Department is responsible for providing or granting access to information to the Arizona Supreme Court, Administrative Office of the Courts (AOC), the State Ombudsman, and the juvenile court. Specifically:
  - Statute requires the Department to provide AOC information necessary for local boards to perform their statutory duties, which includes reviewing the cases of children in out-of-home care and their progress toward permanency; and Department policy outlines requirements for Department caseworker attendance at local board case reviews, which enables caseworkers to provide local board members with additional information about a child’s case (see Arizona Auditor General Report 23-102 for more information about the Department’s provision of information to local boards and caseworker attendance at local board case reviews).<sup>28,29</sup>
  - The Department is required by statute to provide access to most Department records and direct, remote access to its electronic case management system, Guardian, to the State Ombudsman, which is responsible for investigating complaints from citizens regarding the Department and other State agencies (see Arizona Auditor General Report 23-102 for more information about the Department’s provision of direct, remote access to Guardian to the State Ombudsman).<sup>30</sup>
  - In preparation for court hearings involving children subject to a dependency petition or adjudicated dependent, the Department is responsible for submitting information regarding the status of children and their families to the juvenile court (see Appendix A, pages a-1 through a-4, for more information about the State’s juvenile dependency adjudication and review process, and see Finding 1, pages 14 through 18, for issues we identified with the Department’s processes for providing information to the juvenile court prior to dependency review hearings).
- **Administering adoption and permanent guardianship subsidy programs**—Statute requires the Department to establish and administer an ongoing program of subsidized adoption for children with special needs and a program to pay for nonrecurring adoption expenses.<sup>31</sup> For example, the adoption subsidy for eligible children with special needs includes medical, dental, and behavioral healthcare coverage and other care to address a child’s special needs. Additionally, nonrecurring adoption expenses the Department may pay for include adoption fees, court costs, and the costs of transportation or lodging related to completing the adoption process. As seen in Table 2, pages 11 through 13, the Department spent over \$270 million in both fiscal years 2021 and 2022 for adoption subsidies. Statute also requires the Department to establish and administer an ongoing program of subsidized permanent guardianship, which provides reimbursement for some expenses related to caring for children placed with permanent guardians.

<sup>26</sup> A.R.S. §8-453(A)(3).

<sup>27</sup> The Department previously used an IT system called CHILDS. As of March 2022, caseworkers were no longer able to access CHILDS, and it was fully decommissioned in July 2022.

<sup>28</sup> A.R.S. §8-519(B).

<sup>29</sup> Pursuant to Laws 2023, Ch. 106, and effective October 30, 2023, the Department must provide AOC direct, remote access to Guardian in addition to any Department information that is necessary for the performance of the local boards’ duties.

<sup>30</sup> A.R.S. §41-1376.

<sup>31</sup> A.R.S. §§8-142, 8-162.

## Organization and staffing

As of June 26, 2023, the Department reported having 2,922 filled full-time equivalent (FTE) positions and 214 vacancies assigned to its various divisions and offices. According to the Department, it comprises the following units:

- **Comprehensive Health Plan Division (66 FTEs, 8 vacancies)**—Responsible for administering DCS CHP, including outreach to caregivers upon plan enrollment to coordinate healthcare services and locate providers, resolving access to care issues, developing and maintaining relationships with healthcare providers, and providing oversight of the plan through various reviews and monitoring activities.
- **Finance and Accounting Division (81 FTEs, 18 vacancies)**—Responsible for managing the Department’s financial resources, such as developing and monitoring Department budgets, submitting reporting for federal grants, and making payments to the Department’s contracted providers.
- **Foster Care Supports Division (107 FTEs, 14 vacancies)**—Responsible for providing and coordinating financial and nonfinancial supports for foster and kinship caregivers and children in out-of-home care, such as stipends for clothing and other supplies, trainings, and respite care. The Foster Care Supports Division is also responsible for administering the adoption and permanent guardianship subsidy programs, and oversees OLR and the Interstate Compact on the Placement of Children.
- **Human Resources Division (32 FTEs, 3 vacancies)**—Responsible for a variety of personnel functions including recruitment, onboarding, employee relations, and ensuring compliance with labor regulations.
- **Information Technology Division (62 FTEs, 18 vacancies)**—Responsible for providing IT services necessary to support the Department’s functions.
- **Intake Hotline (117 FTEs, 3 vacancies)**—Responsible for screening reports of suspected abuse, neglect, or exploitation of children received through the Department’s centralized intake hotline.
- **Learning and Development Division (25 FTEs, 0 vacancies)**—Responsible for training Department staff, including how to provide case management services.
- **Office of Accountability (51 FTEs, 7 vacancies)**—Responsible for quality control reviews and ensuring the Department follows its policies and rules. For example, the Office of Accountability oversees the Department’s protective services review team, which completes administrative reviews of Department decisions to substantiate allegations of abuse or neglect. The Office of Accountability also oversees compliance with the federal Indian Child Welfare Act (ICWA), liaises with the federal Children’s Bureau, and oversees performance improvement plans in response to federal reviews of the Department.
- **Office of Child Welfare Investigations (104 FTEs, 26 vacancies)**—Responsible for investigating, jointly with law enforcement agencies, allegations of criminal conduct against children.<sup>32</sup>
- **Office of Communications (15 FTEs, 3 vacancies)**—Responsible for communicating information about the Department to the media and the public and developing and maintaining the Department’s website.
- **Offices of the Director and Deputy Directors (59 FTEs, 5 vacancies)**—Responsible for overseeing all Department operations, including administrative services such as IT, human resources, finance, and DCS CHP; and case management services provided by field office staff.
- **Regional field offices (1,922 FTEs, 77 vacancies)**—Responsible for managing the cases of children and families in 5 geographical regions the Department has established throughout the State, such as investigating allegations of abuse and neglect and coordinating services for children in out-of-home care

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<sup>32</sup> Although the Department is statutorily authorized to employ peace officers to have direct access to criminal history report information, as of August 2023, it reported that it does not employ any sworn peace officers. See A.R.S. §8-471(C).



(see Sunset Factor 3, pages 38 and 39, for additional information on the organization of the regional field offices, including the number of caseworkers assigned to each region).<sup>33</sup>

- **Statewide Operations Division (116 FTEs, 10 vacancies)**—Responsible for designing and implementing the Department’s policies, procedures, and strategic plans, and recommending changes to the Department’s processes.
- **Statewide Placement Division (85 FTEs, 12 vacancies)**—Responsible for placing children in foster care with licensed caregivers, such as foster homes and group home facilities.
- **Support Services Division (80 FTEs, 10 vacancies)**—Responsible for providing support services to frontline staff, including contracting with providers to ensure services are available to help children and families meet case plan goals, and ensuring payments are made to foster families.

## Revenues and expenditures

As shown in Table 2 (see pages 11 through 13), the Department receives revenues from various sources, including State General Fund appropriations and federal and State aid. The Department’s fiscal year 2022 revenues totaled nearly \$1.2 billion and are estimated to total more than \$1.24 billion in fiscal year 2023. Meanwhile, the Department’s fiscal year 2022 expenditures and transfers totaled nearly \$1.2 billion and are estimated to total more than \$1.24 billion in fiscal year 2023. Most of the Department’s estimated fiscal year 2023 expenditures are related to payroll and related benefits, adoption services, congregate care, services and supports, and DCS CHP. The Department’s estimated fiscal year 2023 ending fund balance is approximately \$43 million.

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<sup>33</sup> The Department was appropriated 1,406 FTEs in fiscal year 2023 for caseworkers, and as of June 2023, the Department reported it had 1,286 caseworkers working out of regional field offices along with 100 caseworkers assigned to the Intake Hotline and Foster Care Supports Division. Additionally, according to the Department, more than 600 supervisors and support staff work out of the regional field offices.

**Table 2**  
**Schedule of revenues, expenditures, and changes in fund balances**  
**Fiscal years 2021 through 2023**  
(Unaudited)

	2021 (Actual)	2022 (Actual)	2023 (Estimate)
<b>Revenues</b>			
State General Fund appropriations <sup>1</sup>	\$383,919,217	\$380,254,415	\$454,373,079
Intergovernmental revenues			
Federal pandemic aid <sup>2</sup>	-	6,244,381	(165,565)
Other federal aid <sup>3</sup>	546,543,842	561,655,534	572,681,945
State and local <sup>4</sup>	126,240,190	241,842,934	211,646,747
Social security benefits <sup>5</sup>	6,249,699	6,719,113	5,396,010
Other revenues	1,232,246	1,414,513	1,206,181
<b>Gross revenues</b>	<b>1,064,185,194</b>	<b>1,198,130,890</b>	<b>1,245,138,397</b>
Net credit card fees	-	10,435	22,386
Remittances to the State General Fund <sup>6</sup>	(161,930)	(58,669)	(18,949)
<b>Total revenues</b>	<b>1,064,023,264</b>	<b>1,198,082,657</b>	<b>1,245,141,834</b>
<b>Expenditures</b>			
Payroll and related benefits	183,872,638	186,846,818	215,722,956
Professional and outside services			-
Training potential future caseworkers <sup>7</sup>	15,983,503	6,518,116	4,584,611
Payments to medical providers <sup>8</sup>	6,458,083	10,912,713	16,994,600
Case management system - maintenance and support <sup>9</sup>	7,000	9,183,467	15,341,979
Other	13,109,174	17,456,875	15,762,572
Travel	1,113,596	1,674,828	1,770,484
Food	27,011	84,250	176,623
Aid to organizations and individuals			
Adoption services <sup>10</sup>	271,381,632	274,138,372	272,134,997
Congregate care <sup>11</sup>	95,440,863	101,356,114	104,413,096

**Table 2 continued**

	2021 (Actual)	2022 (Actual)	2023 (Estimate)
Foster home placement <sup>12</sup>	43,284,302	42,515,579	38,521,805
Kinship care <sup>13</sup>	5,050,354	4,997,580	18,022,857
Services and supports <sup>14</sup>	220,767,020	205,662,547	229,613,123
Health plan <sup>15</sup>	86,612,263	214,607,931	176,436,759
Other <sup>16</sup>	24,310,557	27,917,651	30,217,834
Other operating <sup>17</sup>	46,325,694	56,643,979	61,982,656
Capital and noncapital equipment <sup>18</sup>	15,420,864	4,402,037	6,497,396
Transfers to Attorney General's Office <sup>19</sup>	27,144,952	27,259,899	28,920,692
Transfers to Arizona Supreme Court <sup>20</sup>	6,906,225	6,453,008	6,641,040
Transfers to other State agencies	-	638,567	339,935
Cost allocation and indirect costs	3,691	-	-
<b>Total expenditures and transfers out</b>	<b>1,063,219,422</b>	<b>1,199,270,331</b>	<b>1,244,096,015</b>
Net change in fund balances	803,842	(1,187,674)	1,045,819
Fund balances, beginning of year	43,207,304	44,011,146	42,823,472
<b>Total</b>	<b>\$44,011,146</b>	<b>\$42,823,472</b>	<b>\$43,869,291</b>

- <sup>1</sup> State General Fund appropriations increased in fiscal year 2023 primarily because the Department received an additional \$12.2 million to provide its employees a minimum 10 percent salary increase, an additional \$19.8 million for the increase in the monthly kinship stipend from \$75 to \$300, and \$10 million for expansion of the Healthy Families Arizona program (see page 4 for more information about this program).
- <sup>2</sup> The Department received federal pandemic aid revenues in response to the COVID-19 pandemic. According to the Department, these revenues comprised monies from the Coronavirus State and Local Fiscal Recovery Funds that were passed through from the Governor's Office to the Department to provide premium payments to essential workers to help improve employee retention in areas most affected by the COVID-19 pandemic.
- <sup>3</sup> The Department received other federal aid to administer numerous federal programs such as Temporary Assistance for Needy Families (TANF), Adoption Assistance—Title IV-E, and Foster Care—Title IV-E.
- <sup>4</sup> State and local intergovernmental revenues primarily consist of monies received from AHCCCS' capitated payments for Medicaid-eligible children in foster care. These monies are used for the physical and behavioral health services expenses associated with DCS CHP.
- <sup>5</sup> Pursuant to A.R.S. §41-1954(21)(B), the Department serves as the representative payee to receive and administer social security and U.S. Department of Veterans Affairs benefits that are payable to children under its custody. These monies may be used to reimburse the Department for the cost of care of the child from whom the funds are collected.
- <sup>6</sup> Remittances to the State General Fund primarily consisted of monies generated from the sale of the Department's surplus property.
- <sup>7</sup> The Department has agreements with Arizona State University and Northern Arizona University to provide scholarships for students in social work programs who agree to work for the Department as caseworkers post-graduation for a period equal to the length of the scholarship. The student scholarships cover tuition, books, and university fees within the Bachelor or Master of Social Work programs. According to the Department, the fiscal year 2021 expenditures were higher than usual because of billing delays from previous years, and the scholarship expenditures generally range from \$5 to \$6 million.

## Table 2 continued

- <sup>8</sup> According to the Department, these expenditures are for medical providers on behalf of AHCCCS and are separate from expenditures for DCS CHP (see footnote 15 for more information on the DCS CHP expenditures).
- <sup>9</sup> The Department began using its new child welfare information system, Guardian, toward the end of fiscal year 2021. The increase in professional and outside services in fiscal years 2022 and 2023 related to the cost of ongoing Guardian operational maintenance and support.
- <sup>10</sup> Pursuant to A.R.S. §§8-142 and 8-162, the Department is responsible for administering adoption subsidies for children with special needs, including medical coverage, and a program to pay for nonrecurring adoption expenses, such as legal fees and the cost of lodging or transportation related to completing the adoption process.
- <sup>11</sup> Congregate care expenditures include the costs of shelter and daily care for children placed in Department-licensed group homes or facilities licensed by the Arizona Department of Health Services, such as residential treatment centers.
- <sup>12</sup> Foster home placement expenditures include maintenance payments to cover the costs of shelter and daily care for children placed in licensed foster homes.
- <sup>13</sup> Kinship care expenditures consist of monthly stipends provided to kinship caregivers who have not obtained foster home licensure. In fiscal years 2021 and 2022, the monthly stipend amount per child was \$75. In fiscal year 2023, as authorized by Laws 2022, Ch. 329, the monthly kinship stipend amount increased to \$300.
- <sup>14</sup> Services and supports include supervised parent-child visitation, transportation services, parent skill-building, counseling, foster family recruitment/support, clothing allowances, childcare, substance abuse treatment, the Healthy Families program, and community-based child abuse prevention activities (see pages 3 and 4 for more information about the Department's statutory responsibility to coordinate programs and services to help children achieve permanency, strengthen families, and prevent abuse, including through contracted providers).
- <sup>15</sup> DCS CHP's benefits include primary and specialty physical care, behavioral healthcare, vision and dental care, prescription drugs and medical supplies, and hospital care (see page 6 for more information on DCS CHP).
- <sup>16</sup> Other aid to organizations and individuals consisted of the permanent guardianship subsidy, extended foster care subsidy, and foster home recruitment, study, and supervision costs.
- <sup>17</sup> Other operating expenditures primarily consisted of costs for rent, software support and maintenance, and telecommunications.
- <sup>18</sup> Capital equipment primarily consisted of the costs related to developing and implementing Guardian in fiscal year 2021.
- <sup>19</sup> Transfers to the Attorney General's Office were for the attorneys and support staff who represent the Department in dependency, guardianship, severance, and adoption proceedings throughout the State.
- <sup>20</sup> According to the Department, transfers to the Arizona Supreme Court were for the reimbursement of federal program expenditures for the portion of the federal programs that the court administers, such as reimbursements for legal representation for parents and children in foster care.

Source: Auditor General staff analysis of the Arizona Financial Information System (AFIS) *Accounting Event Transaction File* for fiscal years 2021 and 2022, and fiscal year 2023 as of June 30, 2023, and the State of Arizona *Annual Financial Report* for fiscal years 2021 and 2022. The AFIS *Accounting Event Transaction File* we reviewed for fiscal year 2023 was not finalized.



## Department has not consistently provided the juvenile court timely reports with quality information, resulting in delayed decisions about children’s placements and services

### Department required to submit court reports with specific information about children 15 days before dependency review hearings to help judges prepare for and make decisions about a child’s placement and needed services

Statute requires the juvenile court to review the cases of children adjudicated dependent at least every 6 months, including assessing the child’s health and safety, the appropriateness of their placement, and their progress toward permanency, and to determine if the child continues to be dependent (see Appendix A, pages a-1 through a-4, for more information on the State’s juvenile dependency adjudication and review process).<sup>34</sup> For example, during these hearings, judges may determine that a child can be safely returned to their family or needs a different placement with a higher level of care to meet the child’s needs, such as a residential treatment center, and may also decide that a child or their family need additional services to help them reunify, such as counseling or substance abuse treatment.

Juvenile court rules also require the Department to submit a report to the juvenile court with various information related to the child’s case (court report) at least 15 days prior to each dependency review hearing, which provides judges and other case participants, such as parents and attorneys, the opportunity to review the reports and prepare questions and/or request clarifications about report information prior to the hearing (see textbox for more information on court reports).<sup>35</sup> Specifically, juvenile court rules require court reports for dependency review hearings to include information on the placement of the child; the services being provided to the child and their family, including the educational needs of the child; the progress parties have made in achieving the Department’s case plan goals; and whether the child continues to be dependent.<sup>36</sup> We interviewed 28 juvenile court judges and commissioners (judges) who hear dependency cases in Arizona’s 15 counties, and 24 of 28 judges we interviewed reported that

**Court reports**—Reports developed by Department caseworkers for juvenile court hearings to provide judges with information regarding children, such as the placement, permanency goals, and needed services for children in out-of-home care. Court reports should include a copy of the child’s case plan and information on the child’s and their parents’/guardians’ progress toward achieving case plan goals.

Source: Auditor General staff review of Department policies and court report templates.

<sup>34</sup> A.R.S. §8-847.

<sup>35</sup> Ariz. R.P. Juv. Ct. 341(c).

<sup>36</sup> Juvenile court rules define “party” as a child, parent, guardian, Department of Child Safety, any petitioner, and any person, Indian tribe, or entity that the court has allowed to intervene. See Ariz. R.P. Juv. Ct. 302(b).

Department court reports are essential for helping them make decisions at review hearings, such as decisions about children’s placement, services, and dependent status.<sup>37,38</sup> For example, 24 of 28 judges reported that information in court reports about parents’ participation in services, such as substance abuse treatment, is important for making determinations such as whether reunification is appropriate or if the court should consider an alternative permanent placement for the child. Additionally, 16 of 28 judges reported it is important to get updates on a child’s health, development, and overall well-being in court reports to determine whether their current placement, such as in a foster home, and/or level of services is appropriate.

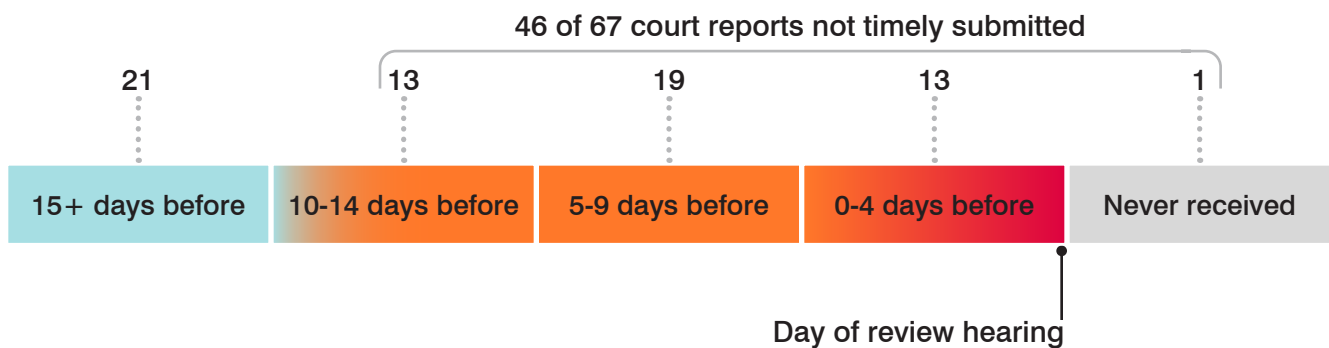
## Department did not submit majority of court reports we reviewed within required time frames, and majority of judges we interviewed reported court report quality issues

### Department did not submit majority of court reports we reviewed within required time frames

Our review of a sample of 67 dependency review hearings held by the juvenile court in 5 Arizona counties in May 2023 found the Department did not submit 46 of 67 court reports, or 69 percent, at least 15 days prior to these hearings, as required by juvenile court rules (see Figure 3).<sup>39</sup> Although our review encompassed only 5 counties, our interviews with 28 judges also revealed issues with court report timeliness throughout the State. Specifically, 26 of 28 judges we interviewed reported they have received at least some court reports from the Department less than 15 days before a dependency review hearing.

**Figure 3**

**46 of 67 court reports we reviewed, or 69 percent, were not submitted 15 days before the dependency review hearing**



Source: Auditor General staff analysis of submission data for 67 Department court reports, and interviews with Department staff.

### Majority of judges we interviewed reported issues with the quality of information in court reports

Nineteen of 28 judges we interviewed, or 68 percent, reported that they have seen issues with the quality of Department court reports.<sup>40</sup> Specifically, 11 of 28 judges reported that they have reviewed Department court reports containing outdated information that was not relevant for the current review hearing, such as facts about a dependency case that were the same as those in previous court reports. In addition, 10 of 28 judges

<sup>37</sup> We interviewed 28 of 54 judges and commissioners who heard dependency cases in Arizona as of January 2023, including at least 1 judge from each of Arizona’s 15 counties. We conducted these 28 interviews between January 23, 2023 and April 6, 2023. See Appendix D, page d-1, for more information about how we selected judges to interview.

<sup>38</sup> In counties with 3 or more superior court judges, the presiding judge may appoint commissioners who are Arizona residents admitted to the practice of law in the State. Commissioners can perform many of the same functions as superior court judges and must reside in the county to which they are appointed. See A.R.S. §§12-211 through 12-213.

<sup>39</sup> We judgmentally selected 5 Arizona counties (Maricopa, Pima, Mohave, Navajo, and Yuma) to capture a balanced geographic distribution of counties throughout the State and sampled from a list of 159 dependency review hearings scheduled in these counties in May 2023. See Appendix D, page d-1, for more information on our sample.

<sup>40</sup> These 19 judges did not all report the same quality issues, and some judges reported multiple quality issues.

reported that they have reviewed court reports that were too lengthy and some judges recommended that the Department provide more concise court reports at future review hearings that highlighted the most up-to-date information regarding the case. Finally, 14 of 28 judges reported that Department court reports could provide more specific details about the well-being of the child and/or whether the child's parents are complying with the Department's case plan and participating in services to ensure they are able to reunify with their child.

## Some judges have postponed review hearings and reported difficulty making key determinations in cases because of late court reports and court report quality issues, which may delay decisions about a child's placement, access to services, and/or reunification with parents

The Department's submission of late court reports and/or court reports with quality issues can negatively impact judge's ability to timely address and make decisions about children's out-of-home placement, access to services, and permanent placement, such as reunification with parents. Specifically:

- **Department's failure to timely submit court reports has resulted in judges postponing children's dependency review hearings, which can delay important decisions that impact these children and their families and create a burden for the juvenile court and hearing participants**—Our review of a sample of 67 dependency review hearings held by the juvenile court in 5 Arizona counties in May 2023 found that 5 judges delayed 10 dependency review hearings between 6 and 20 days during that month because of an untimely court report from the Department. Additionally, 14 of 28 judges we interviewed reported that they have delayed a review hearing since January 2023 because of an untimely court report from the Department. Further, 12 of 28 judges we interviewed reported that they have approved case participants' motions to delay a hearing because they did not have time to review a court report that the Department submitted untimely. For example, 1 judge reported that if a child has an incarcerated parent and the Department has not timely submitted the court report, the parent's attorney may not have enough time to discuss the court report with their client and may request that the court delay the hearing.

Postponing review hearings also delays judges' decisions about children's cases that can impact children and their families. For example, as previously discussed, during dependency review hearings, judges may determine that a child can be safely returned to their family or needs a different placement with a higher level of care to meet the child's needs, such as a residential treatment center, and may also decide that a child or their family need additional services to help them reunify, such as counseling or substance abuse treatment. Additionally, 3 judges we interviewed reported that although they may still hold a hearing if the Department provides an untimely court report, they will postpone making any final decisions about a child's permanent placement until the next review hearing, up to 6 months later, and after having time to review relevant information from the court report. Finally, delayed dependency review hearings may also create an administrative burden for judges and their staff, who must find time to reschedule the hearings, and may inconvenience other review hearing participants such as parents, foster parents, caseworkers, court-appointed special advocates, and attorneys.

- **Many judges we interviewed reported that poor court report quality can negatively impact their ability to make key determinations during review hearings, which can delay decisions about children's services and placement in a stable, permanent home**—Seventeen of 28 judges we interviewed reported that court report quality issues, such as outdated information or a lack of specific details about children's/parents' participation in services and progress toward meeting case plan goals, can make it difficult to make key determinations during hearings. For example, 1 judge reported that some court reports they have reviewed lack enough information about parents' participation in services such as substance abuse treatment, including the number of referrals for services and parents' rate of attendance. As a result, this makes it difficult for judges to hold the Department accountable for ensuring services are provided and to determine whether parents are taking advantage of these services to change their behaviors and be prepared to reunite with their children. Additionally, another judge reported that they have

reviewed court reports that do not clearly identify which information is new since the last hearing, which can make it hard to identify current issues the child and/or their parents face and important matters to discuss in a hearing. According to a report from the U.S. Department of Health and Human Services, poorly organized court reports can frustrate judges and other review participants, and these reports may be less likely to contribute to the judge's decision-making process.<sup>41</sup> Therefore, absent higher-quality court reports, the Department risks that judges will not be able to consider all relevant information about a child's case, which may delay decisions about a child's services and permanent placement until future review hearings.

## Department has not implemented our previous recommendations related to court report timeliness and quality

Our September 2016 special audit report of the Department found that the Department did not consistently provide timely court reports to juvenile court judges and did not provide an adequate level of detail or clearly present parties' progress toward meeting case plan goals in court reports.<sup>42</sup> To address court report timeliness findings, we recommended that the Department develop mechanisms for tracking court report submission dates, review court report submission data to help identify causes for untimely court report submission, and develop action plans to address these causes. To address court report quality findings, we recommended that the Department develop processes for supervisory review of court reports to help ensure that these reports contain the information and level of detail required by the juvenile court, work with the juvenile court to determine how the Department can more clearly present new information and/or progress updates in court reports, and update its court report templates, as needed. However, the Department did not agree with our findings and indicated it would not implement our recommendations. Specifically, in its response to our September 2016 special report:

- The Department reported that it did not plan to monitor court report submission dates because it lacked corresponding tracking data from the courts that it indicated would be necessary to determine timeliness and the subsequent impact on permanency. However, it is the Department's responsibility to ensure that court reports are delivered to the juvenile court in a timely manner, regardless of the court's ability to track or monitor court report receipt prior to dependency review hearings. Additionally, as of June 2023, the Department reported that some supervisors already track upcoming dependency review hearings and whether and when caseworkers have submitted court reports, but that the Department has not established an expectation for all supervisors to do so on a Department-wide basis.
- The Department reported that it would not implement our recommendations for improving court report quality because its policy and standardized court report templates already provided the required information based on the current standards identified in State statute and administrative code and that guidance was provided by the Department's supervisors to ensure court reports contain the information and level of detail required. However, as discussed previously, 19 of the 28 judges we interviewed reported continued issues with the quality of the Department's court reports. Further, the Department reported that in early 2023, it had begun revising its court report template to make it easier for caseworkers to understand and complete, but as of June 2023, the Department reported that it had not finalized these revisions.

During this audit, we found that the Department still lacked a consistent process for tracking whether caseworkers submit court reports within required time frames and verifying whether court reports contained the information and level of detail expected by the juvenile court. The Department also reported that some caseworkers are not aware of upcoming review hearings for newly assigned cases, but it did not report any steps it had taken to address this issue. Further, according to the Department, information provided too far in advance of a review hearing may no longer be accurate at the time of the hearing, and as a result, caseworkers may not submit a court report on time if some information is not yet finalized. Similarly, 16 of 28 judges we interviewed reported that they do not need 15 days to review court reports, and some judges reported that

<sup>41</sup> Children's Bureau. (2006). *Working with the courts in child protection*. Washington, DC: United States Department of Health and Human Services, Administration for Children and Families. Retrieved 8/21/2023 from <https://www.childwelfare.gov/pubPDFs/courts.pdf>.

<sup>42</sup> See Arizona Auditor General report 16-110 *Arizona Department of Child Safety—Permanency practices*.



information that is provided too far in advance may not be helpful if it changes significantly by time the hearing is held.

Finally, after we conducted our audit work, the Department identified an issue with its process for providing information to the juvenile court that also could have impacted court report quality. Specifically, the Department's service providers, such as behavioral health and substance abuse treatment providers, can upload documents to Guardian, such as documentation about parents' progress in attending and participating in services. In August 2023, the Department reported that service providers had uploaded approximately 96,000 documents to Guardian, but Department caseworkers had not completed a required step to approve the documents so they could be added to children's case records. These 96,000 documents included nearly 1,900 documents associated with 596 open juvenile court cases.<sup>43</sup> Because these documents were not included in children's case records, caseworkers may not have been aware of and included information about children's and parents' participation in services in court reports, contributing to court report quality issues we have previously discussed. According to the Department, by the end of September 2023, it plans to update its processes to automatically add documents uploaded by service providers to children's case records. The Department reported that it will disclose all unapproved documents associated with any open case to the juvenile court as soon as possible and that the Arizona Attorney General's Office planned to review the unapproved documents to ensure they were disclosed during trial for all cases that closed in any status besides reunification and any case currently being appealed.

## Recommendations

The Department should:

1. Ensure that caseworkers submit court reports to the juvenile court 15 days prior to dependency review hearings as required by juvenile court rules (or as required by a revised time frame in juvenile court rules depending on the implementation of Recommendation 6).
2. Develop and implement policies and procedures for tracking upcoming dependency review hearings and court report submission dates, including procedures for ensuring caseworkers are aware of any upcoming review hearings and court report submission deadlines for their caseload and reviewing report submission tracking data to help identify causes for any untimely court report submissions and develop action plans to address these causes.
3. Work with the juvenile court and other stakeholders to determine how the Department can improve the quality of information in its court reports for dependency review hearings.
4. Revise its court report template, as necessary, based on the outcome of working with the juvenile court and other stakeholders, develop and implement written guidance to help caseworkers complete and supervisors review court reports for dependency review hearings based on the Department's revised template, and train caseworkers/supervisors to ensure they complete court reports based on this written guidance.
5. Review provider reports uploaded to Guardian but not included in children's case files for the 596 open juvenile court cases and ensure this information is submitted to the juvenile court.
6. Work with AOC and juvenile court judges, as applicable, to determine if the 15-day requirement for submitting court reports is appropriate and, based on these conversations, work with the court to make any necessary modifications to juvenile court rules governing court report submission time frames.

**Department response:** As outlined in its [response](#), the Department agrees with the finding and will implement or implement in a different manner the recommendations.

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<sup>43</sup> According to the Department, not all of the 96,000 documents were associated with a dependency case. Further, the Department reported that it is possible that these documents could have been provided to the juvenile court in response to a subpoena or through Department disclosure by email. Finally, the Department reported there were over 750,000 documents uploaded to Guardian that were approved.



## Department did not comply with some State conflict-of-interest requirements, and its conflict-of-interest process was not fully aligned with recommended practices, increasing risk that employees had not disclosed substantial interests that might influence or could affect their official conduct

### Statute addresses conflicts of interest for public agency employees and public officers

Arizona law requires employees of public agencies and public officers to avoid conflicts of interest that might influence or affect their official conduct. To determine whether a conflict of interest exists, employees/public officers must first evaluate whether they or a relative has a “substantial interest” in (1) any contract, sale, purchase, or service to the public agency or (2) any decision of the public agency.

If an employee/public officer or a relative has a substantial interest, statute requires the employee/public officer to fully disclose the interest and refrain from voting upon or otherwise participating in the matter in any way as an employee/public officer.<sup>44,45</sup>

The interest must be disclosed in the public agency’s official records, either through a signed document or the agency’s official minutes. To help ensure compliance with these statutory requirements, the Arizona Department of Administration’s (ADOA) State Personnel System employee handbook and conflict-of-interest disclosure form (disclosure form) require State

employees to disclose if they have any business or decision-making interests, secondary employment, and relatives employed by the State at the time of initial hire and anytime there is a change.<sup>46</sup> The ADOA disclosure

#### Key terms

- **Substantial interest**—Any direct or indirect monetary or ownership interest that is not hypothetical and is not defined in statute as a “remote interest.”
- **Remote interest**—Any of several specific categories of interest defined in statute that are exempt from the conflict-of-interest requirements. For example, an employee or public officer who is reimbursed for actual and necessary expenses incurred while performing official duties.

Source: Auditor General staff review of A.R.S. §38-502 and the *Arizona Agency Handbook*. Arizona Office of the Attorney General. (2018). *Arizona agency handbook*. Phoenix, AZ. Retrieved 8/9/2023 from <https://www.azag.gov/outreach/publications/agency-handbook>.

<sup>44</sup> See A.R.S. §§38-502 and 38-503(A) and (B).

<sup>45</sup> A.R.S. §38-502(8) defines “public officer” as all elected or appointed officers of a public agency established by charter, ordinance, resolution, State constitution, or statute. According to the *Arizona Agency Handbook*, public officers include directors of State agencies and members of State boards, commissions, and committees—whether paid or unpaid.

<sup>46</sup> Arizona Department of Administration (ADOA). (2020). *State Personnel System Employee Handbook*. Retrieved 6/28/2023 from [https://drive.google.com/file/d/19M16Yu\\_Bc\\_SEEen4WYtIS9x-Kpt1rogF/view](https://drive.google.com/file/d/19M16Yu_Bc_SEEen4WYtIS9x-Kpt1rogF/view).

form also requires State employees to attest that they do not have any of these potential conflicts, if applicable, also known as an “affirmative no.” In addition, A.R.S. §38-509 requires public agencies to maintain a special file of all documents necessary to memorialize all disclosures of substantial interest, including disclosure forms and official meeting minutes, and to make this file available for public inspection. Finally, although not outlined in policy, the Department reported it expects employees involved in contract governance and official decision-making, such as contract and procurement management, foster care licensing, and individuals serving in executive leadership, to annually submit a disclosure form.

In response to conflict-of-interest noncompliance and violations investigated in the course of our work, such as employees/public officers failing to disclose substantial interests and participating in matters related to these interests, we have recommended several practices and actions to various school districts, State agencies, and other public entities.<sup>47</sup> Our recommendations are based on recommended practices for managing conflicts of interest in government and are designed to help ensure compliance with State conflict-of-interest requirements by reminding employees/public officers of the importance of complying with the State’s conflict-of-interest laws.<sup>48</sup> Specifically, conflict-of-interest-recommended practices indicate that all public agency employees and public officers complete a disclosure form annually. These recommended practices also indicate that agencies develop a formal remediation process and provide periodic training to ensure that identified conflicts are appropriately addressed and help ensure conflict-of-interest requirements are met.

## Department did not comply with some State conflict-of-interest requirements, and its conflict-of-interest process was not fully aligned with recommended practices

The Department did not comply with some State conflict-of-interest requirements, and its conflict-of-interest process was not fully aligned with recommended practices designed to help ensure that employees comply with State requirements. Specifically, the Department:

- **Did not ensure all employees completed a disclosure form upon hire**—Our review of a sample of 30 of 2,672 Department employees found that the Department had no record of whether 4 of these 30 employees had completed a conflict-of-interest disclosure upon hire with the Department.<sup>49</sup>
- **Used disclosure forms that did not address all State requirements and recommended practices**—The Department uses an electronic ADOA disclosure form that includes decision-making disclosures and requires an affirmative statement indicating whether a conflict exists. However, as of February 2023, 13 of 30 Department employees we reviewed had not submitted an updated disclosure form that addressed all State requirements and recommended practices. Specifically:
  - 8 employees submitted a form that did not require the disclosure of decision-making substantial interests or secondary employment and did not include an “affirmative no” attestation.<sup>50</sup>

<sup>47</sup> See, for example, Auditor General Reports 21-402 *Higley Unified School District—Criminal indictment—Conspiracy, procurement fraud, fraudulent schemes, misuse of public monies, false return, and conflict of interest*, 19-105 *Arizona School Facilities Board—Building Renewal Grant Fund*, and 17-405 *Pine-Strawberry Water Improvement District—Theft and misuse of public monies*.

<sup>48</sup> Recommended practices we reviewed included: Organization for Economic Cooperation and Development (OECD). (2022). *Recommendation of the council on OECD guidelines for managing conflict of interest in the public service*. Paris, France. Retrieved 8/9/2023 from <https://legalinstruments.oecd.org/public/doc/130/130.en.pdf>; Ethics & Compliance Initiative (ECI). (2016). *Conflicts of interest: An ECI benchmarking group resource*. Arlington, VA. Retrieved 8/9/2023 from <https://www.ethics.org/wp-content/uploads/2021-ECI-WP-Conflicts-of-Interest-Defining-Preventing-Identifying-Addressing.pdf>; and Controller and Auditor General of New Zealand (2020). *Managing conflicts of interest: A guide for the public sector*. Wellington, New Zealand. Retrieved 8/9/2023 from <https://oag.parliament.nz/2020/conflicts/docs/conflicts-of-interest.pdf>.

<sup>49</sup> We reviewed any conflict-of-interest disclosure forms available for a stratified random sample of 20 employees and a judgmental sample of 10 employees from the 2,672 employees the Department reported were hired before January 1, 2023, and still actively employed as of February 27, 2023 (see Appendix D, page d-2, for additional information about how we selected our sample of 30 employees).

<sup>50</sup> Seven of these employees were hired by DES’ Child Protective Services Division prior to the Department’s establishment in 2014 and thus submitted a DES conflict-of-interest disclosure form. Additionally, 1 employee submitted a 2002 disclosure form from the Arizona Attorney General.

- 5 employees submitted a form that did not require the disclosure of decision-making substantial interests.<sup>51</sup>
- **Lacked a special disclosure file as required by statute**—The Department did not have a special disclosure file to store disclosures of substantial interest for public inspection, as required by statute.<sup>52</sup> Instead, according to the Department, it stored completed disclosure forms in each individual employee's personnel file, but these are not available for public inspection.

Additionally, at least 5 employees we reviewed with job responsibilities related to contract management, licensing decisions, and other official decision-making did not annually submit a disclosure form, contrary to the Department's expectation that employees with these job responsibilities do so.<sup>53</sup>

Finally, although not required by statute or ADOA, the Department had not fully aligned its conflict-of-interest process with recommended practices, as follows:

- Did not annually remind its employees to complete a disclosure form when their circumstances change.
- Has not developed or implemented a remediation process for conflicts disclosed by Department employees, and its ability to do so may be negatively impacted because the Department has not stored all disclosures of substantial interest in a separate special file as required by statute.
- Has not developed and implemented periodic conflict-of-interest training for its employees related to their unique programs, functions, or responsibilities.

## Department's noncompliance with State conflict-of-interest requirements and not fully aligning its conflict-of-interest process with recommended practices increased risk that employees did not disclose substantial interests that might influence or affect their official conduct

The Department's noncompliance with State conflict-of-interest requirements and not fully aligning its conflict-of-interest process with recommended practices increased the risk that Department employees would not disclose substantial interests that might influence or affect their official conduct. For example, by not requiring employees to complete a disclosure form that addressed all statutorily required disclosures upon hire, or by not reminding them to update their form at least annually or as their circumstances changed, the Department could not ensure that all employees disclosed both financial and decision-making substantial interests and refrained from participating in any manner related to these interests, as required by statute.<sup>54</sup> Consequently, the Department might have been unaware of potential conflicts and the need to take action to mitigate those conflicts. For example, as previously mentioned, 5 employees we reviewed hold positions related to contract management, licensing, or other official decision-making that could be affected by an undisclosed conflict and are expected to annually submit a disclosure form. However, as of February 2023, these 5 employees had been in their positions for between 1 to 5.5 years, respectively, without submitting an annual disclosure form.

Finally, storing completed forms disclosing substantial interests in individual employee files instead of a special file as required by statute negatively impacts the Department's ability to systematically track whether any employees have disclosed a substantial interest, monitor and remediate any disclosed conflicts, and make this

<sup>51</sup> These 5 employees submitted an electronic ADOA form.

<sup>52</sup> A.R.S. §38-509.

<sup>53</sup> The Department has not developed written guidance specifying which employee positions would meet these criteria, and thus we could only determine compliance for the positions that we were familiar with and could identify as relating to contracts governance or official decision-making.

<sup>54</sup> A.R.S. §38-503; Arizona Attorney General. (2018). *Attorney General's Agency Handbook 8.2.1*. Retrieved 8/9/2023 from <https://www.azag.gov/office/publications/agency-handbook>.

information available in response to public requests. In fact, the Department reported it did not know how many employees had completed a conflict-of-interest disclosure form as of April 2023.

## Department lacked comprehensive conflict-of-interest policies and procedures

The Department reported that conflict-of-interest disclosures by employees occur at a minimal rate and that it does not view this as a high-risk area, and thus it did not consider it necessary to develop Department-specific conflict-of-interest policies and procedures requiring employees to complete a conflict-of-interest disclosure form upon hire or for annually reminding employees to complete a disclosure form if their circumstances change. However, as seen in Table 2 (see pages 11 through 13), the Department contracted for more than \$200 million in programs and services and administered more than \$270 million in adoption subsidies in both fiscal years 2021 and 2022 and licensed over 2,600 different child welfare agencies and foster homes as of July 2023. Further, the Department has not developed policies and procedures requiring all employees to complete a disclosure form upon hire or that reminded them to update their form at least annually or as their circumstances change; requiring all disclosures of substantial interests to be stored in a special file; establishing a process for remediating conflicts of interest disclosed by its employees; and establishing disclosure training requirements for employees.

Additionally, the Department reported that its employees are expected to review the State Personnel System employee handbook and be familiar with State conflict-of-interest laws. However, without Department-specific conflict-of-interest guidance and related training for Department employees, employees may not fully understand ADOA's State Personnel System employee handbook disclosure requirements or State conflict-of-interest laws, and how these requirements relate to their unique programs, functions, and responsibilities.

Finally, although the Department reported it expects employees involved in contract governance and official decision-making to annually submit a disclosure form, it has not developed written guidance specifying which employee positions would meet these criteria.

### Recommendations

The Department should:

7. Ensure that all its employees have a completed conflict-of-interest disclosure form that requires them to disclose secondary employment or whether they or their relatives have a substantial interest in any Department decision making, and attest that they do not have any potential conflicts, if applicable, also known as an "affirmative no."
8. Develop and implement conflict-of-interest disclosure policies and procedures to help ensure compliance with State conflict-of-interest requirements and recommended practices, including:
  - a. Requiring employees to complete a conflict-of-interest disclosure form upon hire and reminding them at least annually to update their form when their circumstances change, including attesting that no conflicts exist, if applicable.
  - b. Storing all substantial interest disclosures in a special file available for public inspection.
  - c. Establishing a process to review and remediate disclosed conflicts.
9. Develop written guidance specifying which employees the Department expects to annually submit an updated conflict-of-interest disclosure form and ensure that these staff annually submit a disclosure form.

10. Develop and provide periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to employees on how the State’s conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

**Department response:** As outlined in its [response](#), the Department agrees with the finding and will implement or implement in a different manner the recommendations.



Pursuant to A.R.S. §41-2954(D), the legislative committees of reference shall consider but not be limited to the following factors in determining the need for continuation or termination of the Department. The sunset factor analysis includes additional findings and recommendations not discussed earlier in the report.

**Sunset factor 1: The objective and purpose in establishing the Department and the extent to which the objective and purpose are met by private enterprise in other states.**

A.R.S. §8-451 requires the Department to protect children, including by investigating reports of abuse and neglect; assessing and supporting the safety of children in a safe and stable family or other appropriate placement in response to allegations of abuse or neglect; and coordinating services to achieve and maintain permanency on behalf of children and to treat and prevent child abuse and neglect. The Department is also responsible for the licensing and oversight of child welfare agencies and foster homes (see Table 1, page 7, for additional information about these license types).

We did not identify any states or other jurisdictions that met the Department's objectives and purpose through private enterprise. According to the United States Department of Health and Human Services, all 50 states are responsible for complying with federal and state child welfare requirements and operate foster care programs as authorized by Title IV-E of the Social Security Act (see textbox).<sup>55,56</sup> We also reviewed 4 states and jurisdictions—Clark County, Nevada; Los Angeles County, California; New Mexico; and Utah—and found that none used private enterprises to oversee and administer child welfare services in their jurisdiction.<sup>57</sup>

**Title IV-E**—A section of the federal Social Security Act with various provisions related to child welfare, including authorizing foster care funding for states.

Source: 42 USC 670 et seq.

**Sunset factor 2: The extent to which the Department has met its statutory objective and purpose and the efficiency with which it has operated.**

Our assessment of whether the Department has met its statutory objective and purpose and the efficiency with which it has operated included reviewing the recommendation status from special audit reports of the Department we issued since 2014, and additional reviews of the Department's processes for carrying out its statutory responsibilities during this audit. Our review found a mixture of previously identified issues that have not been addressed, deficiencies in the Department's processes, areas for further improvement, and areas in which the Department has established processes for meeting some of its statutory responsibilities.

First, we reviewed, compiled, and analyzed information from several audits that assessed various Department statutory responsibilities since it was established in 2014. Specifically:

<sup>55</sup> Child Welfare Information Gateway. (2018). *State vs. county administration of child welfare services*. Washington, DC: U.S. Department of Health and Human Services, Children's Bureau. Retrieved 1/13/2023 from <https://www.childwelfare.gov/pubPDFs/services.pdf>.

<sup>56</sup> Pursuant to 42 USC 671(a), to be eligible for foster care payments authorized by Title IV-E of the Social Security Act, states must submit a plan to the United States Department of Health and Human Services that establishes a state agency responsible for administering, or supervising the administration of, the payments and other child welfare programs authorized by Title IV-E.

<sup>57</sup> We judgmentally selected 4 western states based on whether their child welfare systems are state administered or county administered (see Appendix D, pages d-2 and d-3, for more information about our selection process and the agencies in these states and jurisdictions we contacted).

- **Our 13 special audit reports between October 2014 and September 2021 made 103 recommendations to help the Department improve its performance related to several of its statutory responsibilities**—Since the Department was established in 2014, our Office has issued multiple special audit reports that have identified improvements the Department should make to better meet its statutory objective and purpose and the efficiency with which it has operated. Between October 2014 and September 2021, our Office issued 13 special audit reports that assessed the Department’s performance related to several of its statutory responsibilities, including the Department’s staff retention, recruitment, and training; substance abuse treatment program; methods for calculating caseworker caseloads; practices for helping children achieve permanency; and practices for classifying and locating children missing from care. Most of these special audit reports identified areas for improvement, and we made 103 recommendations to help the Department address these areas. As of July 2023, the Department had implemented, was in the process of implementing, or had partially implemented 64 of 103 recommendations, or 62 percent (see Appendix B, pages b-1 through b-5, for additional information about key findings and the Department’s status in implementing the 103 recommendations from these 13 special audits).
- **Department did not fully implement 42 of 58 of our recommendations from 6 special audit reports of the Department issued between March 2016 and September 2021**—As of August 1, 2023, the Department did not implement a total of 37 of 58 recommendations we made in these special reports, or 64 percent, and was in the process of implementing a total of 5 of 58 recommendations, or 9 percent. See Table 3, page 26, for more information on the 6 reports, and see Appendix C, pages c-1 through c-12, for status explanations for each recommendation not fully implemented from these reports. For example, the Department:
  - Did not implement any of the 15 recommendations from our March 2016 special audit report related to implementing a differential response system intended to divert lower-risk abuse and neglect allegations from investigation and instead connect families with needed services to ensure child safety (see Appendix C, page c-2, for more information on the Department’s explanation for not implementing these recommendations).<sup>58</sup> Allowing for alternatives to investigation through a differential response system may provide benefits for families involved in the child welfare system. For example, in some jurisdictions, families who participated in an alternative response experienced higher levels of satisfaction with the child welfare agency and were more cooperative than families who participated in investigations of reported abuse and neglect. Additionally, both literature and experts reported that children were found to be as safe through an alternative response compared to an investigative response, and for some states, the child removal rate was lower among alternative response families than those served through the investigative response.
  - Did not implement 11 recommendations from our September 2016 special audit report evaluating the Department’s practices for helping children achieve permanency, such as tracking court report submission timeliness and ensuring staff more timely process and document their efforts to locate kinship care placements for children (see Appendix C, pages c-2 through c-5, for status explanations for these recommendations).<sup>59</sup> These recommendations are intended to improve the Department’s processes for helping children achieve a safe and stable permanent home in a more timely manner, including reunification with their parents.
  - Did not implement 3 recommendations from our September 2019 special audit report on the Department’s foster home recruitment, licensure, use, and retention, including to develop and implement a customer service model to improve foster parent recruitment and retention, provide foster parents with complete placement packet information upon placement of children in foster homes, and implement opportunities to improve data collection and quality to understand why foster homes close their licenses (see Appendix C, pages c-8 and c-9, for status explanations for these

<sup>58</sup> See Arizona Auditor General report 16-102 *Arizona Department of Child Safety—Differential response and case screening*.

<sup>59</sup> See Arizona Auditor General report 16-110 *Arizona Department of Child Safety—Permanency practices*.



recommendations).<sup>60</sup> These recommendations are intended to help the Department meet its projected needs for new foster homes through improved recruitment and retention efforts.

**Table 3**  
**Department has not fully implemented 42 of 58 recommendations from 6 special audit reports we issued from March 2016 to September 2021**  
**As of August 1, 2023**

Report title (report number)	Date report issued	Date of last followup <sup>1</sup>	Number of recommendations not fully implemented	Percentage of recommendations not fully implemented
Differential Response and Case Screening (16-102)	March 2016	August 2022	15 of 15	100%
Permanency Practices (16-110)	September 2016	June 2018	12 of 16	75%
Staff Retention, Recruitment, and Training (17-111)	September 2017	July 2019	9 of 16	56%
Arizona Families F.I.R.S.T. (18-103)	March 2018	June 2022	1 of 1	100%
Foster Home Recruitment, Licensure, Use, and Retention (19-113)	September 2019	February 2023	3 of 6	50%
Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices (21-113)	September 2021	June 2023	2 of 4	50%
<b>Total</b>			<b>42 of 58</b>	<b>72%</b>

<sup>1</sup> We have concluded our follow-up work for all 6 of these special audits because the Department did not agree with, reported it did not plan to implement, or made no further progress on implementing our remaining recommendations. See Appendix C, pages c-1 through c-12, for more information on the reasons the Department provided for not fully implementing some of our recommendations.

Source: Auditor General staff review of 6 special audits of the Department issued from March 2016 to September 2021 and the most recent followups as of August 2023.

In some cases, the Department disagreed with our recommendations in its response to the audits. In other cases, our follow-up work found the Department had not made sufficient efforts to implement the recommendations. The Department had a change in leadership in April 2023 after most of the special audits issued from March 2016 to September 2021 and the associated follow-up reports were issued, with the exception of 1 audit, and were not involved in decisions to not implement most of the recommendations.<sup>61</sup>

<sup>60</sup> See Arizona Auditor General report 19-113 *Arizona Department of Child Safety—Foster home recruitment, licensure, use, and retention*.

<sup>61</sup> The Department's leadership that was in place as of August 1, 2023, was involved with our 18-month followup of the *Arizona Department of Child Safety—Comparing Department practices for classifying and locating children missing from care to best practices* special audit in June 2023.

In addition to these prior special audits, we reviewed other new areas as part of the sunset factor analysis, and we identified various deficiencies in the Department's processes. Specifically, the Department:

- **Issued licenses to qualified applicants for all 20 foster home applications we reviewed, but did not ensure that 9 adoption agency and child welfare agency applicants we reviewed met all licensure requirements**—Our review of the applications for 29 licenses the Department issued in 2022—3 renewal adoption agency, 3 initial child welfare agency, 3 renewal child welfare agency, 10 initial foster home, and 10 renewal foster home licenses—found that the Department issued licenses to qualified applicants for all 20 foster home applications we reviewed.<sup>62</sup> However, the Department did not ensure that all 9 adoption and child welfare agency license applicants we reviewed met all qualifications prior to issuing them licenses to operate. Specifically, the Department:

- **Did not document review of applicants' fingerprint clearance cards**—Initial and renewal adoption agency and child welfare agency applicants are required to submit their staff's fingerprint clearance cards (see textbox for additional information about fingerprint clearance cards). According to the DPS website, fingerprint clearance card validity can only be confirmed by checking the DPS website, and Department staff have direct access to information from the DPS website in the Department's licensing system.<sup>63</sup> Confirming the validity of the fingerprint clearance card is important because DPS may suspend/revoke the card at any time if a cardholder is arrested/convicted of a precluding offense.

However, for the 9 adoption agency and child welfare agency applicants we reviewed, although the Department reported its staff verified the validity of fingerprint clearance cards at the time of application review, its staff did not document doing so for all 9 applicants. Instead, the Department's licensing review checklists only include a section to indicate that the applicant had submitted a copy of its staff's fingerprint clearance cards. Although we verified that the applicants' actively employed staff held a valid fingerprint clearance card in May 2023, this did not necessarily include all staff the initial or renewal applicant employed at the time of their application.

- **Did not ensure child welfare agency applicants' staff met education and work history requirements**—As required by Department rules, initial and renewal child welfare agency applicants are required to submit evidence that their executive staff have the educational qualifications and work history to oversee programs and services for children in their care. For example, child welfare agencies must employ at least 1 program director to oversee the agency's programs and services for children who has a minimum of a bachelor's degree in social work or a related area of study and 2 years' work experience in child welfare or childcare services. However, the licensing records for all 6 child welfare agency applicants we reviewed did not include documentation, such as a resume or transcript,

**Fingerprint clearance card**—A card that the Arizona Department of Public Safety (DPS) issues indicating that the cardholder is not a registered sex offender or is not awaiting trial for or has not been convicted of committing certain statutorily enumerated criminal offenses, such as sexual assault, forgery, and concealed weapon violations. DPS issues this card based on its review of an applicant's criminal history record information. The card is valid for 6 years; however, if a cardholder is arrested for a precluding offense during this time period, DPS is authorized to suspend the card. DPS is also required to notify the cardholder and the entity if the cardholder is employed or licensed by an entity that is statutorily authorized to receive notification that the card is suspended pending the outcome of the arrest.

Source: Auditor General staff review of A.R.S. §§41-1758.01, 41-1758.03, 41-1758.04, and 41-1758.07.

<sup>62</sup> We reviewed applications for all 3 initial child welfare agency licenses issued in calendar year 2022 and the applications for a stratified random sample of other licenses issued in calendar year 2022, as follows: 3 of 16 renewal adoption agency licenses, 3 of 82 renewal child welfare agency licenses, 10 of 673 initial foster home licenses, and 10 of 794 renewal foster home licenses.

<sup>63</sup> The Department has entered into an interagency service agreement with DPS to provide an interface in the Department's licensing system that indicates whether agency staff's fingerprint clearance cards are valid.

to demonstrate all of the applicants' executive staff met educational qualifications and work history requirements. For example, 1 renewal child welfare agency application stated the agency employed 1 program director who held a high school diploma and did not include documentation demonstrating the employee met work history requirements.

Additionally, Department rules require initial and renewal child welfare agency applicants to maintain personnel records with evidence that their staff have the qualifications and work history to care for children. For example, any staff a child welfare agency employs who directly care for children must have at least a high school diploma or equivalency degree and 1 year of experience working with children or 1 year of post-high school education in a program leading to a child welfare or human services degree. Before the Department can issue a license, its staff are required to conduct site visits of the applicants' facilities, which should include a review of employee personnel files. However, our review of the licensing records for the 6 child welfare agency applications found that the Department either did not document their review or reviewed only a small portion of employee personnel files for each applicant. For example, 1 renewal child welfare agency applicant submitted a list of 25 direct care staff it employed, but the Department reviewed only 1 of these employee's files to ensure they met education and work history requirements. The Department does not have a process for determining how many employee files to review to determine if they meet education and work history requirements, nor how to evaluate if the employees have met these requirements.

- **Did not receive 1 independent financial audit**—Most renewal adoption agency applicants must submit a copy of their current operating budget and a financial audit report from an independent certified public accountant to ensure the agency's financial stability. However, for 1 renewal adoption agency we reviewed that was required to submit this information, the Department noted in the licensing record that the applicant had not met this requirement, but it issued the applicant a renewal adoption agency license contingent on receiving the required information. However, the Department lacked documentation that it ever received the required information.
- **Did not review child welfare agencies' IT security and confidentiality safeguards**—As part of its site visits for initial and renewal child welfare agency applicants, the Department is required to inspect the applicant's computer security system and review the applicant's confidentiality safeguards, such as to ensure children's sensitive information is protected. However, for all 6 child welfare agency applicants we reviewed, the Department did not conduct these inspections during its site visits. As of August 2023, the Department updated its site visit checklists to include this requirement.

Although the Department has developed checklists for its staff to use when processing license applications and conducting applicant facility site visits, it has not developed related written procedures or guidance for how its staff should verify requirements in these checklists, such as fingerprint clearance card validity or staff education and work history requirements.

- **Did not meet its required overall time frames for issuing 6 of 29 licenses to applicants we reviewed**—Rule outlines required time frames for the Department to review and either approve or deny initial and renewal license applications. Our review of the same applications for the 29 licenses the Department issued in 2022 as noted on page 27—3 renewal adoption agency, 3 initial child welfare agency, 3 renewal child welfare agency, 10 initial foster home, and 10 renewal foster home licenses—found the Department issued licenses within required overall time frames for 23 of 29 applications we reviewed. For the 6 licenses that were not issued within required overall time frames, 4 were issued between 5 to 30 days late, and the Department's licensing records for the other 2 applications lacked information such as a notice of licensing decision, and thus we could not determine when they were issued. As of June 2023, the Department lacked expectations or written procedures for Department licensing staff to systematically track and document when they complete steps for processing adoption and child welfare agency license applications.
- **Lacked written procedures for some IT security requirements**—The Arizona Department of Homeland Security's (AZDOHS) State-wide policies require Arizona State agencies to develop IT security-specific

policies and procedures. AZDOHS' policies are intended to help State agencies implement recommended IT security procedures and to protect the State's IT infrastructure and the data contained therein. Although the Department had written IT security procedures in some areas required by AZDOHS' State-wide policies, it lacked written procedures and other guidance in several areas. For example, the Department lacked written procedures and guidance for:

- **Identification and authentication—** Requirements for users to establish and authenticate their identity before accessing accounts, such as entering a password, protect critical IT system information from unauthorized access, disclosure, and/or modification. However, the Department has not required multifactor authentication for users, including Department caseworkers, to access Guardian, as required by AZDOHS policy (see textbox for more information about multifactor authentication). Guardian contains sensitive and confidential information related to children and other individuals involved with the Department.

**Multifactor authentication—**Process to verify an IT system user's identity by requiring more evidence than just a password, such as entering a code sent to a user's cell phone.

**Patches—**Updates to IT products to correct security vulnerabilities or improve the usability and performance of the product.

Source: Auditor General staff review of AZDOHS IT security policies and guidance and the National Institute of Standards and Technology (NIST) website.

- **IT security governance—**Although the Department had a policy establishing the role of its chief information officer to review and approve the Department's IT systems security plan, it lacked other written guidance related to IT security governance, such as defining additional staff positions responsible for IT security, requirements for training applicable staff on IT security policies and procedures, and procedures for enforcing compliance with IT security policies and procedures.
- **Vulnerability, configuration, and patch management—**Although the Department had a policy requiring it to monitor system vulnerabilities—flaws or weaknesses in an IT system's operating system or software that can be exploited to gain unauthorized access to and/or harm the system—and address vulnerabilities within 30 days, it lacked additional written procedures for how to remediate vulnerabilities. Further, the Department lacked a written plan as required by its policies for system configuration and patch management—a process that involves analyzing a system's hardware and software components, testing patches for effectiveness and potential side effects before installation, and installing security-related patches within 30 days of release from the vendor (see textbox for more information about patches). As of May 2022, the Department had identified 231 system vulnerabilities older than 90 days that it had not remediated. Without written procedures, guidance, and other plans to implement a vulnerability, configuration, and patch management process, the Department risks being susceptible to system attacks.

In June 2022, the Department developed a written action plan for developing and implementing AZDOHS-required IT security procedures and addressing IT security risk areas. As of June 2023, the Department reported that it had completed steps to address 10 of 24 risk areas identified in its plan. However, the Department's action plan lacks some important details, such as who is responsible for addressing a risk area, action steps these individuals should take to address the risk, the intended outcome of the action steps, and time frames for completing action steps. For example, the action plan states that the Department is currently testing multifactor authentication but does not include a due date for completion, nor does it include details for additional steps the Department should take based on the results of its testing process and time frames for doing so.

- **Has developed policies requiring staff to respond to local board case review recommendations directed to the Department, but does not track whether staff have done so—**A.R.S. §8-515.03 requires the Department to review local foster care review boards' findings and recommendations and respond to the foster care review board in writing indicating whether it will accept or not implement the

board's recommendations.<sup>64</sup> Additionally, consistent with this requirement, the Department has developed policies and procedures requiring caseworkers and their supervisors to review local board report recommendations directed at the Department and provide a response to AOC on behalf of local boards indicating whether the Department accepts or disagrees with the recommendations. However, our review of 28 findings and recommendations reports from local boards that met in February 2023 that included recommendations to the Department found that Department staff did not comply with this requirement. Specifically, AOC staff who receive information from the Department on behalf of local boards reported that they did not receive Department responses for any of the 28 local board findings and recommendations reports we reviewed. The Department reported that some staff had received local board findings and recommendations reports but was unable to provide evidence that its staff had provided a response to AOC on behalf of local boards indicating whether the Department accepted or disagreed with the recommendations. The Department also does not have a process for tracking whether its staff respond to local board report recommendations. Absent the Department's responses, local boards are unable to determine whether they are making reasonable recommendations to the Department to timely return children, find permanent placements for all children, and discourage unnecessary changes in placement and whether the Department intends to implement these recommendations.

- **Has not consistently provided the juvenile court timely reports with quality information, resulting in delayed decisions about children's placements and services**—The Department is required to submit court reports to the juvenile court at least 15 days prior to each child's dependency review hearing.<sup>65</sup> Twenty-four of 28 juvenile court judges we interviewed who hear dependency cases in Arizona's 15 counties reported that Department court reports are essential for helping them make decisions about children's cases. For example, 24 of 28 judges reported that information in court reports about parents' participation in services, such as substance abuse treatment, is important for making determinations such as whether reunification is appropriate or if the court should consider an alternative permanent placement for a child. However:
  - **The Department did not submit majority of court reports we reviewed within required time frames**—Our review of a sample of 67 dependency review hearings held by the juvenile court in 5 Arizona counties in May 2023 found the Department did not submit 46 of 67 court reports, or 69 percent, at least 15 days prior to these hearings. Additionally, 26 of 28 judges we interviewed reported they have received at least some court reports from the Department less than 15 days before a dependency review hearing.
  - **The majority of judges we interviewed reported court report quality issues**—Nineteen of 28 judges we interviewed, or 68 percent, reported that they have seen issues with the quality of Department court reports. For example, some judges reported that they have reviewed Department court reports containing outdated information that was not relevant for the current review hearing, such as facts about a dependency case that were the same as those in previous court reports. In addition, other judges reported that Department court reports could provide more specific details about the well-being of the child and/or whether the child's parents are complying with the Department's case plan and participating in services to ensure they are able to reunify with their child.

The Department's failure to timely submit court reports has resulted in judges postponing children's dependency review hearings, which can delay important decisions that impact these children and their

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<sup>64</sup> A.R.S. §8-515.03 requires local boards to encourage and facilitate the timely return of children to their parents or make the child eligible for adoption; exert all possible efforts to make permanent plan arrangements for a child who cannot return to his/her parents or be adopted; and maximize the stability and family continuity for children in foster care by discouraging unnecessary changes in placement. The Department must provide the local foster care review board with written notice within 10 business days of the date of the receipt of the local board report recommendations if the Department intends to accept or not implement the local board's recommendations.

<sup>65</sup> A.R.S. §8-847 requires the juvenile court to review the cases of children adjudicated dependent at least every 6 months, including assessing the child's health and safety and determining if the child continues to be dependent. Juvenile court rules also require the Department to submit a report to the juvenile court with various information related to the child's case at least 15 days prior to each dependency review hearing—see Ariz. R.P. Juv. Ct. 341(c).

families. For example, during dependency review hearings, judges may determine that a child can be safely returned to their family or needs a different placement to better suit their needs. Additionally, 17 of 28 judges we interviewed reported that poor court report quality can negatively impact their ability to make key determinations during review hearings, which can delay decisions about children’s services and placement in a stable, permanent home. We recommended that the Department ensure that caseworkers submit court reports to the juvenile court 15 days prior to dependency review hearings as required by juvenile court rules; develop and implement policies and procedures for tracking upcoming dependency review hearings and court report submission dates; and work with the juvenile court and other stakeholders to determine how the Department can improve the quality of information in its court reports for dependency review hearings. See Finding 1, pages 14 through 18, for more information.

- **Did not perform ongoing monitoring of group homes we reviewed, which could result in risky or unhealthy environments for children in out-of-home care**—Our September 2023 performance audit found that although the Department’s rules require it to monitor the ongoing activities of child welfare agencies, including group homes, our review of 35 licensed child welfare agency administrative offices and associated group homes found that the Department had not conducted any ongoing monitoring activities for these facilities from January 1, 2022 through April 30, 2023. According to best practices, ongoing monitoring should include periodic unannounced visits to licensed entities. Rather than performing ongoing monitoring to help ensure licensees remain in compliance with licensure standards and that children are living in secure and healthy environments, the Department reported that its staff would visit many facilities as part of licensing complaint investigations or license renewal visits. In April 2023, during our audit, the Department developed a checklist for staff to use during unannounced monitoring visits to child welfare agencies/group homes, and in May 2023, we observed the Department conduct site visits at 2 group homes from the 35 facilities we reviewed. Additionally, the Department reported in June 2023 that it plans to begin conducting quarterly monitoring of all child welfare agencies and associated facilities. However, the Department has not developed associated written guidance or instructions outlining who is responsible for ongoing monitoring, how to select facilities for monitoring and complete the site visits checklist, and the frequency of unannounced site visits. We recommended that the Department further develop and implement policies and procedures regarding ongoing monitoring of group homes, including assigning staff responsibility for conducting ongoing monitoring, outlining how to select facilities for monitoring and complete the site visits checklist, and specifying the frequency of site visits and providing guidance for risk-based and unannounced site visits; and perform ongoing monitoring consistent with the policies and procedures. See Arizona Auditor General Report 23-113 for more information.<sup>66</sup>
- **Did not provide some information to local boards, impacting boards’ ability to review children’s cases**—Our July 2023 performance audit found that the Department did not provide some case documents for local foster care review board case reviews because of AOC and Department issues, and some caseworkers did not attend case reviews, impacting local boards’ ability to review children’s cases (see Introduction, page 8, for additional information about local boards). Specifically:
  - Our review of case documents submitted to AOC for 13 case reviews conducted by local boards on June 28, 2022 and July 6, 2022, found that the Department’s automated information exchange, which provides documents electronically from Guardian, did not provide AOC staff a complete version of 31 of 39 case documents that should have been provided. For example, the automated information exchange did not provide a child’s case plan for 9 of 13 case reviews. These case plans are important because they outline the goals, tasks, services, and other supports necessary to ensure the child achieves permanency. We identified several reasons why the automated information exchange did not provide documents to AOC, including that AOC staff did not submit valid document requests and a lack of caseworker accountability for storing complete case documents in Guardian.
  - Our review of 124 case reviews conducted by local boards on June 28, 2022 and July 6, 2022, found that caseworkers did not comply with Department policy to either attend, arrange for their supervisor to

<sup>66</sup> See Arizona Auditor General report 23-113 *Arizona Department of Child Safety—Licensed foster care provider oversight*.

attend, or notify AOC they could not attend for 22 of 124, or 18 percent, of the case reviews. Although some supervisors reported that they had verbally reminded caseworkers of policy requirements, they had not documented any corrective action taken in response to the noncompliance, and the Department's policies and procedures do not address if or how it should track caseworker attendance at local board case reviews.

Without complete information about the cases of children in out-of-home care as provided through case documents or caseworker attendance at case reviews, local boards may not have sufficient information to complete their statutory responsibility to review children's cases and submit complete findings and recommendations to the juvenile court. We recommended that the Department ensure it provides all applicable case documents to AOC on behalf of local boards; ensure caseworkers comply with Department case review attendance policy requirements, including tracking caseworker attendance at case reviews; and develop and implement guidance for what corrective actions supervisors should take in response to caseworkers' noncompliance with Department policies. See Arizona Auditor General Report 23-102 for more information.<sup>67</sup>

Next, in addition to the deficiencies we identified in the Department's processes, we identified various other areas where the Department has established or begun to establish processes to meet its statutory responsibilities, but it can further enhance these processes. Specifically, the Department:

- **Has completed some but not all corrective actions to address DCS CHP performance issues that AHCCCS identified**—In November 2022, AHCCCS reviewed DCS CHP's performance in 13 operational areas consisting of 148 standards. AHCCCS found that the Department met 99 of these standards and required the Department to develop corrective actions to improve in the remaining 49 standards.<sup>68</sup> For example, AHCCCS recommended that the Department develop a written policy or procedures for ensuring maternity care to pregnant and postpartum members with a substance use disorder; and develop a process to monitor, evaluate, and improve participation in early and periodic screening, diagnostic, and treatment services. As of June 27, 2023, AHCCCS had accepted the Department's corrective action plan. In its response to the corrective action plan, AHCCCS listed the documentation it had received and reviewed from the Department and determined the Department came into compliance with 12 standards. The Department reported that it will complete the corrective action plans for the remaining 37 standards by December 1, 2023.
- **Reviews licensing agencies' foster home site visits but could improve its method for doing so**—As discussed in the Introduction, the Department has contracted with licensing agencies, and Department rules require licensing agencies to conduct quarterly foster home site visits, at least 1 of which must be unannounced.<sup>69</sup> These site visits are intended to ensure foster homes are meeting licensing requirements intended to ensure the health and safety of children, such as providing a clean and hygienic living environment and that the home has no safety hazards. Additionally, the Department has developed processes for quarterly reviewing whether licensing agencies have met the site visit requirements for a sample of licensed foster homes. We identified 2 areas where the Department could improve this process, as follows:
  - **Department's sample of foster homes is not representative of the population**—Although the Department selects a random sample of licensed foster homes assigned to each of its contracted licensing agencies to review, this sample is not representative, meaning it is not adequate or proportional to the population of foster homes assigned to the licensing agencies. Specifically, from

<sup>67</sup> See Arizona Auditor General report 23-102 *Arizona Department of Child Safety—Information provided to local foster care review boards and State Ombudsman*.

<sup>68</sup> The primary objectives of the AHCCCS operational review included determining if the Department met requirements specified in its contract with AHCCCS, AHCCCS and Department policies, statute, rule, and federal regulations. Review areas included claims and information systems, delivery systems, general administration, grievance systems, member information, quality improvement, and the integrated system of care.

<sup>69</sup> AAC R21-6-218.

January to March 2023, the Department selected a sample of between 1 and 3 foster homes from each licensing agency despite these agencies being responsible for between 3 and 237 foster homes. However, for larger licensing agencies, without a larger sample size, the Department may go years without reviewing site visits for some foster homes. Additionally, the Department could consider risk-based sampling for the entire population of foster homes, such as sampling more foster homes that have a history of licensing violations and/or sampling a larger proportion of foster homes from licensing agencies that have a history of not completing required site visits.

- **Department does not have written processes for documenting reviews of site visit documentation**—The Department’s review of licensing agencies’ foster home site visits first involves reviewing whether licensing agency staff have entered a summary of each quarterly visit in the Department’s licensing system, including the date of the visit and a narrative description of the items covered in the visit. However, although the Department reported that its staff also physically review site visit reports when visiting licensing agencies, the Department lacked documentation demonstrating that its staff had done so. Additionally, our review of site visit reports for a sample of 8 of 69 foster homes included in the Department’s foster home sample from January to March 2023 found that the site visit reports were generally consistent with licensing agencies’ self-reports in the licensing system that they had completed the site visits.<sup>70</sup> However, written procedures for reviewing and documenting the review of site visit reports would provide additional assurance that Department staff are verifying whether licensing agencies actually conducted foster home site visits.

- **Although most judges we interviewed reported Department provided sufficient information to approve child placements in qualified residential treatment programs (QRTPs), some judges expressed concerns and Department has recently begun implementing policies and procedures for providing QRTP information to the juvenile court**—State juvenile court rules require the juvenile court to review and approve the Department’s placement of children in QRTPs, which is a type of congregate care placement authorized by federal law (see textbox for more information on QRTPs).<sup>71,72</sup> We interviewed 23 juvenile court judges who have reviewed QRTP placement requests made by the Department and 21 judges reported that they always or usually approved QRTP placement requests made by the Department.<sup>73</sup> Additionally, 18 of 23 judges reported that the Department provided sufficient information to enable them to review requests for QRTP placements. However, 5 of 23 judges expressed some concern about the consistency and timeliness of documentation they receive from the Department for QRTP placement approvals. For example, 1 judge reported that the Department did not consistently provide documentation that a QRTP placement met a child’s specific needs. Another judge reported that the Department has not always provided them a motion for a

**QRTP**—Congregate care placement authorized by federal law that has a trauma-informed treatment model designed to address needs of children with serious emotional or behavioral disorders or disturbances. QRTPs are a more specialized care option as they must provide access to registered or licensed nursing and other licensed clinical staff to provide care and must also provide aftercare support services for at least 6 months after a child is discharged.

Source: 42 USC 672(k)(4).

<sup>70</sup> We reviewed a stratified random sample of 8 of 69 of the foster homes the Department included in its licensing agency reviews from January to March 2023 (see Appendix D, page d-2, for more information about how we stratified our sample).

<sup>71</sup> Pursuant to 42 USC 672(k), foster care maintenance payments cannot be made on behalf of children placed in congregate care for more than 2 weeks, with the exception of children placed with a parent residing in a licensed residential family-based treatment facility for substance abuse; a QRTP; a setting specializing in providing prenatal, post-partum, or parenting supports for youth; a supervised setting for youth who are at least 18 years old and living independently; or a setting that provides high-quality residential care and supportive services to children and youth who have been found to be or are at risk of becoming sex trafficking victims.

<sup>72</sup> Ariz. R.P. Juv. Ct. 335.

<sup>73</sup> We interviewed 28 judges between January 23, 2023 and April 4, 2023. However only 23 judges answered questions related to the Department’s QRTP requests. See Appendix D, page d-1, for more information on the sample of judges we interviewed.



child's initial placement in a QRTP, and the judge was not aware of the QRTP placement until the child's dependency review hearing.

The Department has developed policies and procedures related to QRTP eligibility and approval requirements, and in April 2023, the Department developed additional policies and procedures related to the QRTP eligibility and approval requirements, including time frames for notifying the juvenile court that it has placed a child in a QRTP and providing the court documentation justifying the child's placement. However, as of August 2023, the Department had not conducted any assessment to determine if these policies and procedures are resulting in judges receiving timely and sufficient information for children placed in QRTPs.

- **Has begun to develop plans to address contractor's recommendations for Guardian improvements**—In November 2022, the Department contracted for ongoing Guardian maintenance and operations services, including to provide software enhancements and further develop Guardian's data analytics and information reporting functions (see Auditor General Report 23-104, pages 8 through 10, for additional information about Guardian issues that the maintenance and operations contract should resolve).<sup>74</sup> In April and May 2023, the Department's Guardian contractor developed recommendations for the Department intended to enhance users' experience with Guardian and address other Guardian software improvements. In response to the contractor's recommendations, the Department identified various priorities that it plans to address during fiscal year 2024. For example, the Department reported it plans to modify Guardian to better notify staff when service requests for families should be renewed and to allow service providers to bulk upload documents such as service reports or invoices. However, the Department has not developed a specific written plan for addressing the contractor's recommendations, which could help the Department hold its staff accountable for improving Guardian's functionality.
- **Can improve the completeness and accuracy of interested party contact information to AOC**—AOC staff who provide administrative assistance for local foster care review boards are responsible for notifying interested parties to children's cases, such as the child's parents and foster parents, of the date and time of child's reviews. Although the Department has a process to regularly provide AOC with address information from Guardian for parents and foster parents, some of the address information is inaccurate and incomplete, which has impacted AOC's ability to notify parents and foster parents of local board reviews. For example, we observed missing address information for some parents and foster parents in information the Department provided to AOC. Additionally, we observed that some notices AOC staff mailed to interested parties were returned as undeliverable. The Department has been working with AOC to improve issues with inaccurate and incomplete address information for parents and foster parents.

Finally, in addition to the process improvements we identified, the Department has established various processes to help it meet other statutory responsibilities we reviewed during this sunset review. Specifically, the Department:

- **Has developed policies and procedures for assessing child safety in response to reports of abuse and neglect**—Our September 2015 special audit of the Department found that the Department had inadequately implemented critical components of its child safety and risk-assessment process, and we recommended that the Department continue its efforts to modify/replace and standardize its safety and risk-assessment tool.<sup>75</sup> Our 30-month follow-up report in February 2018 found that the Department had taken steps to standardize its safety and risk-assessment tool, including by requiring all caseworkers to assess and document family functioning in 6 areas such as general parenting practices and behavior management, and providing definitions to key terms in the safety and risk-assessment tools such as

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<sup>74</sup> See Arizona Auditor General report 23-104 *Arizona Department of Administration—Arizona Strategic Enterprise Technology office (ASET) IT project oversight*.

<sup>75</sup> See Arizona Auditor General report 15-118 *Arizona Department of Child Safety—Child safety, removal, and risk assessment practices*.

“present danger.”<sup>76</sup> In addition, during this sunset review, we found the Department has sustained these process improvements and also has policies and procedures in place for its investigators to follow when responding to a report of abuse or neglect, including preparing for the investigation, visiting the site of the alleged abuse or neglect and interviewing and observing the alleged victim child(ren) and their parents/guardians, determining whether the child(ren) are in present or impending danger and developing a plan to address the danger, and assessing the overall safety of the child(ren).<sup>77</sup> Additionally, since our 30-month follow-up report in February 2018, the Department has taken additional steps to implement 1 of our recommendations by integrating safety and risk-assessment tools into its IT system, Guardian.

- **Increased the percentage of children placed in kinship care since 2018 and has begun to develop processes for helping kinship caregivers qualify for foster home licensure**—Kinship care is considered the least-restrictive, or most family-like, placement for children removed from their home and taken into the Department’s custody, and from June 2018 to December 2022, the percentage of children in the Department’s custody that it placed in kinship care increased from 35 to 46 percent (see Figure 4, page 36, for additional information about the percentage of children placed in kinship care compared to other types of out-of-home placements). Kinship caregivers do not have to obtain foster home licensure, and as a result, the daily combined foster care reimbursement and special allowances rate for kinship caregivers is less than that of licensed foster homes.<sup>78</sup> Additionally, the Department must provide kinship caregivers a \$300 per month stipend from State-appropriated monies, whereas licensed foster homes are eligible for federal foster care maintenance payments.<sup>79</sup> As of July 2023, the Department was soliciting bids for a new kinship caregiver supports contract, which includes the expectation that the contractor help kinship caregivers who want to obtain foster home licensure to do so in 60 to 90 days. The Department anticipates this contract will be in effect by February 2024.
- **Has coordinated with and conducted reviews of its DCS CHP contractor**—The Department has conducted various reviews of its DCS CHP contractor that are intended to assess if the contractor’s operations and performance comply with applicable laws, Department policies and procedures, and contract requirements. For example, the Department has required its DCS CHP contractor to submit several annual plans, including an annual medical management plan, which includes goals and objectives related to plan enrollment, member satisfaction, educating members and providers on preventive care, and monitoring and reviewing trends in the utilization of services covered by the plan. The Department has also required its DCS CHP contractor to conduct audits to validate that provider claims submitted for its members were correctly documented and supported, including indicating it would refer provider information to the AHCCCS Office of the Inspector General for further review, when warranted. Additionally, the Department reported that its contractor will conduct follow-up audits in October of 2023. Finally, the Department regularly meets with its DCS CHP contractor to discuss various areas of DCS CHP operations, such as strategic planning and communications, clinical performance, coordination of care, enrollment issues, and the status of performance improvement projects.
- **Improved caseworker attendance at local board case reviews since our 2015 and 2016 special audits**—Our 2015 report of the State Foster Care Review Board and 2016 special report of the Department found that Department caseworkers did not attend many local board reviews in person or by telephone as

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<sup>76</sup> Department policy states that a child is in present danger if there is an immediate, significant, and clearly observable family condition, child condition, or individual behavior that endangers a child right now or threatens to endanger a child at any moment and requires immediate action to protect the child before a comprehensive family functioning assessment can be completed.

<sup>77</sup> Based on its assessment of a child’s safety, the Department is authorized by statute to take the child into temporary custody. See Figure 6, footnotes 1 and 2, pages a-2 and a-3, for additional information about temporary custody.

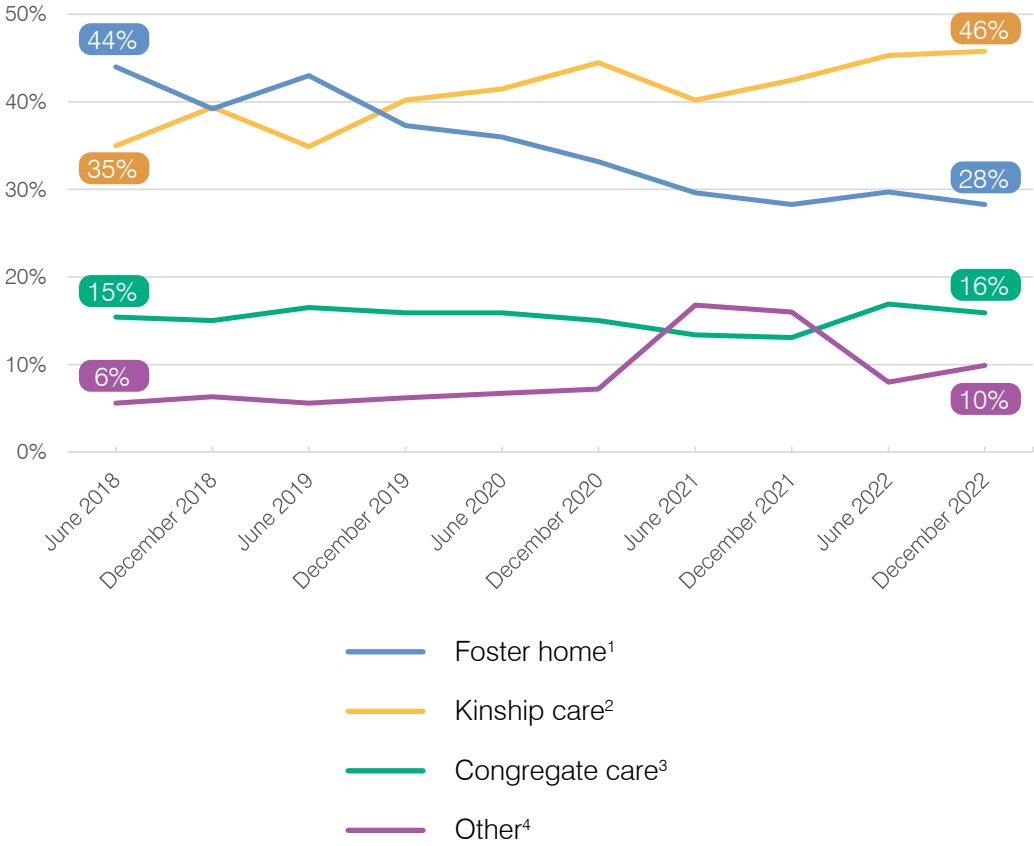
<sup>78</sup> As of July 1, 2022, the Department’s combined daily reimbursement special allowances rate for family foster homes was between \$20.94 and \$30.63, depending on the age of the child and their needs, whereas the rate for unlicensed kinship caregivers was between \$11.12 and \$15.12. Special allowances include funds for school supplies, diapers, and emergency clothing.

<sup>79</sup> Pursuant to Laws 2023, Ch. 133, §17, the Department must use monies appropriated for kinship care to provide a \$300 per month stipend to kinship caregivers who have not obtained foster home licensure.

required by Department policy.<sup>80</sup> Specifically, from November 2014 to May 2015, caseworkers attended about 65 percent of local board case reviews each month, and from June 2015 to July 2016, caseworker attendance fluctuated between a high of 65 percent and a low of 57 percent. Although our July 2023 performance audit found that some caseworkers did not comply with the Department’s local board case review attendance policy (see pages 30 and 31 for more information on our findings related to this issue), caseworker attendance had improved as compared to our 2015 and 2016 audit findings.<sup>81</sup> Specifically, our review of 124 local board case reviews in June and July 2022 found that caseworkers complied with the Department’s attendance policy requirements for 82 percent, or 102 of 124, of the case reviews.

**Figure 4**  
**Most children in out-of-home care were placed in kinship care or licensed foster homes**  
**June 2018 through December 2022**

(Unaudited)



<sup>1</sup> The foster home category includes kinship caregivers who have obtained foster home licensure.  
<sup>2</sup> The kinship care category does not include kinship caregivers who have obtained foster home licensure, which are included in the foster home figure.  
<sup>3</sup> Congregate care consists of group homes, qualified residential treatment programs, shelters, detention facilities, and hospitals.  
<sup>4</sup> This category consists of independent living, runaway and missing children, return to parents on a trial basis, and no placement identified. The Department reported that no placement identified is most often attributable to lag in data entry or data errors in tracking software.

Source: Auditor General staff review of the Department’s *Semi-Annual Child Welfare Reports* issued from September 2018 through March 2023.

<sup>80</sup> See Arizona Auditor General report 15-110 *Arizona Foster Care Review Board—Sunset review* and Arizona Auditor General Report 16-110 *Arizona Department of Child Safety—Permanency practices*.  
<sup>81</sup> See Arizona Auditor General report 23-102 *Arizona Department of Child Safety—Information provided to local foster care review boards and State Ombudsman*.

- **Provided State Ombudsman access to case information in Guardian, with some exceptions**—Our July 2023 performance audit found that, consistent with statutory requirements and as of February 2023, the Department had provided State Ombudsman staff direct, remote access to children’s case information in Guardian, with some exceptions. For example, the Department had not provided the State Ombudsman access to case information about the identities of individuals who reported abuse or neglect, or case information classified as protected by attorney-client privilege.<sup>82</sup> The Department and State Ombudsmen have met to discuss these issues, and both agencies reported they will continue to meet periodically to discuss any issues related to State Ombudsman staff’s access to Guardian. See Arizona Auditor General Report 23-102 for more information about the Department’s statutory requirements for providing the State Ombudsman access to the Department’s records and case management system.<sup>83</sup>

## Recommendations

The Department should:

11. Review recommendations the Department has not implemented from previous Auditor General special audit reports, implement any recommendations as identified, and provide explanations for any recommendations it does not plan to implement.
12. Ensure it licenses only qualified adoption and child welfare agency applicants.
13. Develop and implement guidance for how Department staff should review and verify requirements in its adoption and child welfare agency license application review checklists, including but not limited to guidance for verifying fingerprint clearance card validity and applicants’ staff’s education and work history.
14. License adoption agencies, child welfare agencies, and foster homes within the Department’s required time frames.
15. Develop and implement a method for tracking all active applications for adoption and child welfare agency licenses, including recording when Department staff accomplish key steps in application processing time frames.
16. Revise its action plan for developing and implementing IT security policies and procedures to specify additional details and other information about risk areas outlined in the plan, including but not limited to:
  - Staff responsible for addressing risk areas outlined in the plan.
  - Action steps assigned staff should take to address a risk area.
  - Expected outcomes of action steps.
  - Time frames for completing action steps.
17. Implement its revised action plan for developing and implementing IT security policies and procedures, and regularly review and update the action plan, as necessary, based on progress.
18. Develop and implement policies and procedures for tracking whether staff have provided a response to AOC on behalf of local boards indicating whether the Department accepted or disagreed with recommendations in local board findings and recommendations reports.
19. Implement its corrective action plans to address DCS CHP performance issues that AHCCCS identified for the remaining 37 areas for improvement.

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<sup>82</sup> Because the Department and the State Ombudsman disagree on whether the Department’s restriction of State Ombudsman access to information about individuals who reported abuse or neglect to be consistent with statute, the Department requested the Arizona Attorney General opine on the matter and, as of August 30, 2023, its opinion was pending.

<sup>83</sup> See Arizona Auditor General report 23-102 *Arizona Department of Child Safety—Information provided to Local Foster Care Review Boards and State Ombudsman*.

20. Revise and implement its policies and procedures for overseeing licensing agencies' monitoring of licensed foster homes, including by:
  - a. Improving its sampling methods to be more representative of the population of foster homes assigned to each of its contracted licensing agencies, including considering taking a risk-based sampling approach.
  - b. Reviewing site visit reports and following up to ensure that site visits are completed, as necessary.
21. Implement its QRTP policies and procedures, conduct an assessment of whether the juvenile court is receiving timely and sufficient information as a result of these policies and procedures, and further revise these policies and procedures, as necessary.
22. Develop a written plan for addressing its contractor's recommendations for Guardian improvements.
23. Develop and implement a written process for soliciting feedback from AOC about any issues with the accuracy and completeness of parents' and foster parents' address information it provides for local board reviews.

**Department response:** As outlined in its [response](#), the Department agrees with the findings and will implement or implement in a different manner the recommendations.

**Sunset factor 3: The extent to which the Department serves the entire State rather than specific interests.**

The Department has served the entire State by establishing field offices in cities throughout Arizona to administer and coordinate the Department's child welfare services and casework. Specifically, the Department has organized its field operations into 5 geographic regions and has further divided these regions into sections and units. A section is led by a program manager and comprises 1 or more units that specialize in specific types of casework, including investigating allegations of abuse and neglect, coordinating services for children in out-of-home care and monitoring their progress toward permanency, or providing in-home services to children who were never removed from or have been reunified with their families.<sup>84</sup> As of June 2023, the Department reported it had 204 case-carrying units overseen by 35 sections across its 5 regions, and its caseworkers, supervisors, and support staff work out of 42 field offices throughout the State (see Figure 5, page 39, for more information about the number of caseworkers in each region and the location of the Department's field offices).<sup>85</sup>

Additionally, as discussed in the Introduction (see page 6), the Department serves the entire State by administering DCS CHP, which is available to all children under the Department's custody throughout the State. The Department's centralized intake hotline is also available for any individual in the State to report an allegation of child abuse or neglect.

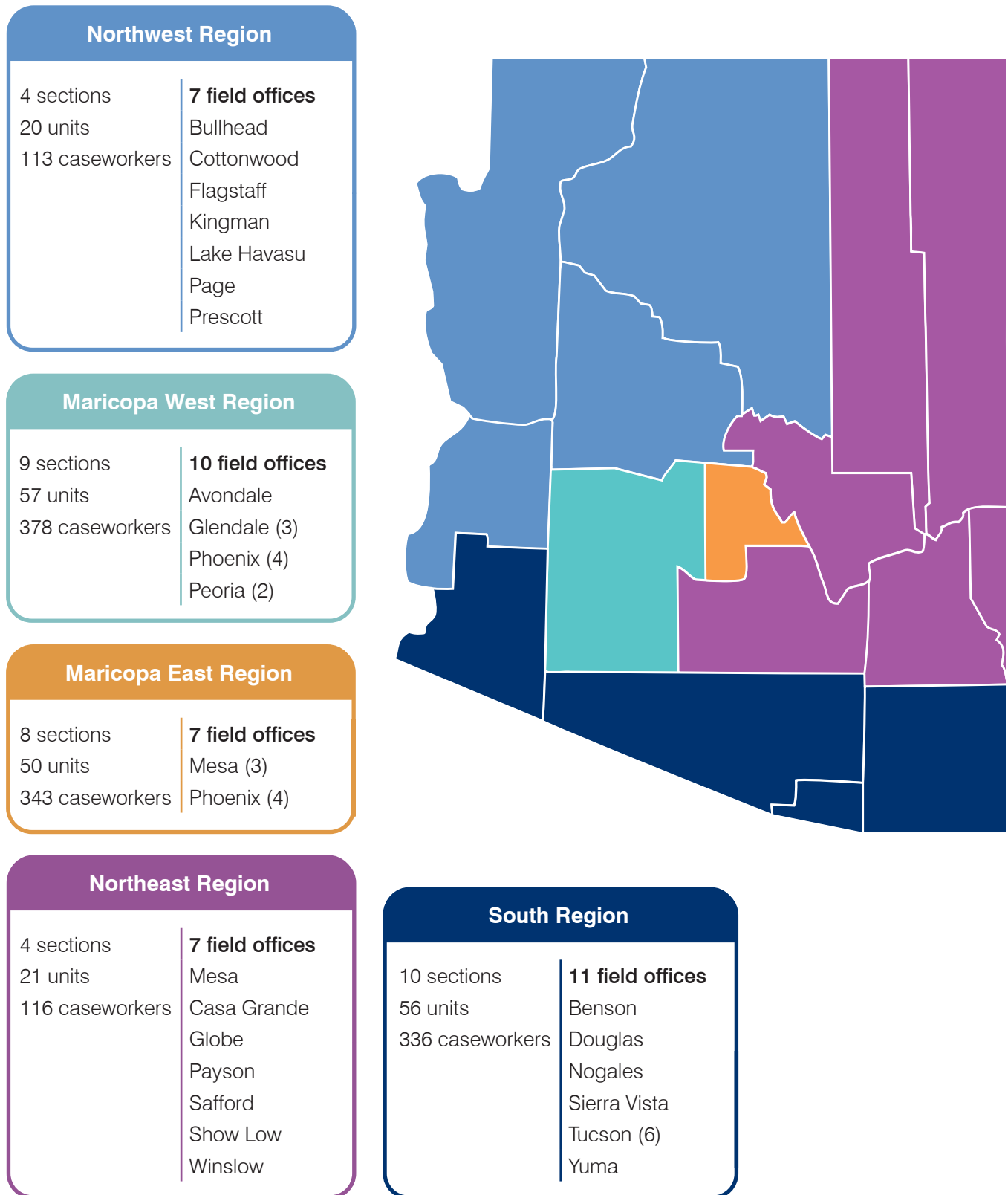
We also assessed whether the Department serves the entire State rather than special interests by reviewing its conflict-of-interest practices. The State's conflict-of-interest requirements exist to remove or limit the possibility of personal influence from impacting a decision of a public agency employee or public officer. However, we found that the Department did not comply with some conflict-of-interest requirements and had not fully aligned its conflict-of-interest process with recommended practices, such as requiring all employees to complete a conflict-of-interest disclosure form upon hire, reminding all employees to update their disclosure form at least annually or as their circumstances change, and maintaining a special file for substantial interest disclosures. We recommended that the Department develop and implement policies and procedures consistent with State conflict-of-interest requirements and recommended practices (see Finding 2, pages 19 through 23, for additional information about our recommendations).

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<sup>84</sup> Other types of casework include working with young adult program participants, coordinating adoptions, or managing ICWA cases.

<sup>85</sup> A field office may house multiple sections and/or units.

**Figure 5**  
 Department organizes its operations into regions, sections, units, and field offices  
 As of June 2023



Source: Auditor General staff review of Department-provided information.

**Sunset factor 4: The extent to which rules adopted by the Department are consistent with the legislative mandate.**

Our review of the Department’s statutes and rules found that the Department has adopted rules for most of the statutes when required to do so. However, since the Department was established, it has relied on DES rules for the licensing and regulation of child placing and child welfare agencies adopted when the Department’s regulatory responsibilities were carried out by DES’ Child Protective Services Division. On January 13, 2023, the Department filed a notice of proposed rulemaking for child placing and child welfare agency rules, and on September 6, 2023, the Governor’s Regulatory Review Council approved the rules. The Department reported it anticipates the rules will become effective on November 6, 2023.

**Recommendation**

The Department should:

- 24. Adopt rules for the licensing and regulation of child placing and child welfare agencies.

**Department response:** As outlined in its [response](#), the Department agrees with the finding and will implement the recommendation.

**Sunset factor 5: The extent to which the Department has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.**

The Department has encouraged input from the public before adopting its rules and informed the public as to its actions and their expected impact on the public. Specifically, the Department informed the public of its rulemakings and their expected impacts and provided opportunities for public input as part of various rulemakings it conducted between March 2020 and June 2022 that involved independent living programs for foster youth, providing comprehensive medical and dental healthcare for children in foster care, and inspecting licensed foster homes and child welfare agencies. For these rulemakings, the Department published notices of its proposed rulemakings in the Arizona Administrative Register and included a statement detailing the impact on the public. Additionally, the Department provided contact information in the notices for Department staff who would receive public input about the proposed rulemaking, allowed the public to submit written comments on proposed rule changes for at least 30 days after it published the first notice, and posted information on its website about meetings where the public could provide input on proposed rulemakings.<sup>86</sup>

Additionally, the Department provides other information to the public through its website, including information about its child abuse and neglect hotline, Department policies and procedures, information about how to become a foster parent, contact information for submitting a complaint to the Department’s Ombudsman, and information on child fatalities/near fatalities throughout the State. The Department also publishes 3 reports on its website as required by statute and session law—the *Monthly Operational and Outcome Report*, *Semi-Annual Benchmark Progress Report*, and *Semi-Annual Child Welfare Report*.<sup>87,88</sup> These reports contain information such as caseworker caseloads and vacancies, demographics and placement type of children and young adults in Department custody, and the Department’s efforts to reduce its number of open reports of abuse and neglect. Our December 2020 special report of the Department assessed the Department’s methodology for calculating caseworker caseloads as reported in its *Monthly Operational and Outcome Report*, *Semi-Annual Benchmark Progress Report*, and *Semi-Annual Child Welfare Report*.<sup>89</sup> Although we found the Department has various practices that help ensure the reliability of the underlying data it uses to calculate caseloads for these

<sup>86</sup> The Department did not receive any public input for the rulemakings we reviewed.

<sup>87</sup> A.R.S. §8-526(B) requires the Department to produce its *Semi-Annual Child Welfare Report*; A.R.S. §8-526(F) requires the Department to produce its *Monthly Operational and Outcome Report*; and Laws 2022, Ch. 133, §17, requires the Department to produce its *Semi-Annual Benchmark Progress Report*.

<sup>88</sup> A.R.S. §8-526(A).

<sup>89</sup> See Arizona Auditor General report 20-113 *Arizona Department of Child Safety—Caseworker caseload reporting*.

3 public reports, we found that its method for calculating caseloads results in less precise caseload numbers and increases the potential for reporting errors. As a result, we recommended that the Department develop, implement, and document a more precise method for calculating publicly reported caseloads, and complete its development and testing of queries used to obtain Guardian data for the publicly reported caseloads to help ensure their accuracy. As of July 2023, the Department implemented or partially implemented all recommendations, respectively.<sup>90</sup>

**Sunset factor 6: The extent to which the Department has been able to investigate and resolve complaints that are within its jurisdiction and the ability of the Department to timely investigate and resolve complaints within its jurisdiction.**

We identified various deficiencies in the Department's processes for timely investigating and resolving licensing complaints and grievances within its jurisdiction. Specifically:

- **Department was slow and ineffective in investigating and taking enforcement action for some foster home and group home licensing complaints we reviewed, which could result in risky or unhealthy environments for children in out-of-home care**—The Department's rules require it to investigate complaints related to potential violations of licensing standards (licensing complaints) by child welfare agencies/group homes and foster homes. Additionally, if an investigation validates that a licensing violation occurred, OLR is responsible for and authorized to take enforcement actions against the licensee, up to and including suspension or revocation of the license. Our September 2023 performance audit found investigation and enforcement problems with some of the 30 complaints we reviewed of 1,389 complaints the Department received and documented in Guardian in calendar year 2022 and had resolved as of March 20, 2023. Specifically:
  - Our review of the 28 licensing complaints included in our sample of 30 of 1,389 foster home and group home complaints found that the Department did not complete its investigations of 15 of them within 45 days. The Department took between 48 and 71 days to investigate 6 foster home licensing complaints we reviewed, and between 49 and 406 days to investigate 9 group home complaints we reviewed. In fact, the Department took as long as 158, 171, and 406 days, respectively, to investigate 3 of these group home licensing complaints. Slow investigations may have allowed licensees to continue operating with unhealthy or risky environments that do not meet licensing standards and also contributed to the Department's not fully investigating licensing complaints by being unable to interview or obtain information from involved individuals.
  - For 6 of 13 validated licensing complaints from our sample of 30 complaints, all 6 of which were for foster homes, the Department took more than 21 days to take enforcement action once it had completed the investigations. In fact, for 4 of these validated licensing complaints, the Department took from nearly 2.5 months to nearly 3.5 months to take enforcement action. When the Department is slow to take enforcement action, licensees may continue operating with uncorrected violations that contribute to risky or unhealthy environments.
  - Our review of the 13 validated licensing complaints also found that the Department did not consider licensees' history of violations as required by the Department's rules and take progressive enforcement action for 6 of 13 validated licensing complaints, which were all against group homes. The Department's not considering group home licensees' history of violations and taking progressive enforcement action could allow licensees' systemic problems or areas of noncompliance with licensing standards to remain uncorrected.

The Department's lack of key policies, procedures, and/or time frames contributed to the Department's problems with its licensing complaint investigations and enforcement. For example, the Department has not implemented time frames for completing each of the key steps in its foster home and group home licensing

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<sup>90</sup> Although the Department developed queries for obtaining Guardian data for its publicly reported caseloads, it was unable to provide documentation demonstrating that it tested the queries to ensure data it uses in its caseload reporting is sufficiently reliable.



complaint process and does not have policies and procedures to guide staff on risk-based prioritization for foster homes and group home licensing complaints investigations. Additionally, the Department lacks procedures to guide staff regarding researching foster home and group home licensing complaint history, and lacks written procedures for supervisory review, monitoring, and tracking of some of the Department's responsibilities related to both foster home and group home licensing complaint investigations and enforcement actions. To ensure foster home and child welfare agency/group home licensing complaint investigations and enforcement actions are timely and effective, we made various recommendations to the Department. For example, we recommended that the Department further develop and implement its draft licensing complaint-handling procedures to include time frames for each key foster home and/or group home licensing complaint investigation and enforcement step; further revise and implement its draft guidance for taking a risk-based approach to prioritize foster home and group home licensing complaint investigations; and require tracking, supervisory review, and managerial oversight of the licensing complaint investigation processes to verify staff compliance with Department policies, procedures, and time frames. See Arizona Auditor General Report 23-113 for more information.<sup>91</sup>

- **Department lacks some procedures for reviewing grievances submitted by children in the care of child welfare agencies**—Department rules require licensed child welfare agencies to have written policies and procedures governing the receipt, consideration, and resolution of grievances brought to the licensee by children in care and their parents; and to maintain a log of grievances and a summary of grievance resolutions available for Department review.<sup>92</sup> As of February 2023, the Department has developed a written policy and procedures for reviewing grievances of children in the care of child welfare agencies. However, although the policy requires child welfare agencies to provide the Department with a copy of all grievances on a monthly basis and the Department to review a random sample of the grievances, it does not contain additional procedures to guide staff's grievance reviews, such as the methodology for the random sampling and guidance for how to determine if the agency adequately addressed the grievances. As a result, Department staff may not review a sufficient number of grievances or address grievances in a consistent manner, impacting the Department's ability to ensure child welfare agencies are adequately and consistently addressing children's needs and concerns. Beginning in April 2023, the Department began piloting unannounced visits to its licensed child welfare agencies and the group home facilities these agencies operate to review agencies' compliance with licensing requirements, including verifying whether the child welfare agency had explained its grievance policies to children in care and if grievance forms were available in a central location easily accessible to children in care.

## Recommendation

The Department should:

25. Further revise and implement its child welfare agency grievance policy and procedures, including by developing guidance for how staff should review grievances submitted by children in the care of child welfare agencies or by their parents. This guidance should include, at a minimum, the methodology for the random sampling and guidance for how to determine if the agency adequately addressed the grievances.

**Department response:** As outlined in its [response](#), the Department agrees with the finding and will implement the recommendation.

## Sunset factor 7: The extent to which the Attorney General or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.

According to A.R.S. §41-192(A)(1), the Attorney General serves as the Department's legal advisor and provides legal services as the Department requires, such as representing the Department in dependency hearings (see Appendix A, pages a-1 through a-4, for additional information about the State's juvenile dependency adjudication and review process). Pursuant to A.R.S. §8-453(G), the Department is also authorized to employ

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<sup>91</sup> See Arizona Auditor General report 23-113 *Arizona Department of Child Safety—Licensed foster care provider oversight*.

<sup>92</sup> AAC R6-5-7429.

legal counsel to provide legal advice to the Department director. Finally, county attorneys are authorized to provide the Department some legal services, such as filing adoption petitions on behalf of the Department pursuant to A.R.S. §8-127.

**Sunset factor 8: The extent to which the Department has addressed deficiencies in its enabling statutes that prevent it from fulfilling its statutory mandate.**

According to the Department, there are no deficiencies in its enabling statutes that prevent it from fulfilling its statutory mandate.

**Sunset factor 9: The extent to which changes are necessary in the laws of the Department to adequately comply with the factors listed in this sunset law.**

We did not identify any needed changes to the Department's statutes.

**Sunset factor 10: The extent to which the termination of the Department would significantly affect the public health, safety, or welfare.**

Terminating the Department would affect the health, safety, and welfare of Arizona's children if its responsibilities were not transferred to another entity. The Department is responsible for protecting Arizona's children by operating and maintaining a centralized intake hotline for the public to report allegations of child abuse and neglect, and by investigating these allegations. The Department is also responsible for promoting the health, safety, and welfare of children by identifying appropriate out-of-home placements for children removed from their home in response to substantiated allegations of abuse or neglect, providing children in foster care comprehensive medical care, and coordinating programs and services intended to promote permanency and strengthen families such as substance abuse treatment and parenting skills. Finally, the Department licenses and is responsible for the ongoing oversight of foster homes, child welfare agencies, and adoption agencies throughout Arizona, and is responsible for administering the Interstate Compact on the Placement of Children (see page 4, footnote 14, for more information on the Interstate Compact). These functions help protect the health, safety, and welfare of children in Arizona.

**Sunset factor 11: The extent to which the level of regulation exercised by the Department compares to other states and is appropriate and whether less or more stringent levels of regulation would be appropriate.**

We compared Arizona's level of regulation to 4 other states and jurisdictions—Clark County, Nevada; Los Angeles County, California; New Mexico; and Utah—and found that the level of regulation the Department exercises is generally similar to child welfare agencies in these jurisdictions.<sup>93</sup> Specifically:

- **Fingerprints required for licensure**—Arizona requires all applicants for foster home and child welfare agency licensure to obtain and maintain a fingerprint clearance card. All 4 states and jurisdictions—Clark County, Los Angeles County, New Mexico, and Utah—also require applicants for foster home and congregate care licensure to submit fingerprints for the purpose of conducting a criminal history background check.<sup>94</sup>
- **Foster home training requirements**—Although Arizona and all 4 states and jurisdictions require individuals to complete training prior to obtaining foster home licensure and ongoing training to maintain licensure, the number of required training hours varies. For example, Arizona requires foster parents to complete 6 hours of training prior to licensure and 12 hours of ongoing training during the 2-year period of licensure. Clark County requires a minimum of 8 hours of training prior to licensure and 4 hours of ongoing training annually; Los Angeles County requires a minimum of 12 hours of training prior to licensure and 8

<sup>93</sup> See Appendix D, pages d-2 and d-3, for more information on our selection of these states and jurisdictions.

<sup>94</sup> The fingerprinting and background check requirements in Arizona, Clark County, Los Angeles County, New Mexico, and Utah apply to all adults living in a foster home and congregate care facility staff.

hours of ongoing training annually; New Mexico requires 12 hours of training annually; and Utah requires 16 hours of training annually.<sup>95</sup>

- **Congregate care facility staff qualifications**—Arizona has established education, work experience, and other training requirements for child welfare agency staff. Similar to Arizona, Clark County, Los Angeles County, New Mexico, and Utah have also established education, work experience, and/or training requirements for staff employed by congregate care facilities that operate in these states.<sup>96</sup>

**Sunset factor 12: The extent to which the Department has used private contractors in the performance of its duties as compared to other states and how more effective use of private contractors could be accomplished.**

The Department has contracted with private companies to perform various functions. For example, the Department contracts for multiple programs and services intended to prevent child abuse, strengthen families, and help children achieve permanency, including parent skill-building classes, supervised parent-child visitation, substance abuse screening and treatment, counseling, psychiatric services, and services for substance-exposed newborns and their families. Additionally, the Department contracts for logistical supports such as child and family transportation, and contracts with licensing agencies to train, support, and help foster parents obtain foster home licensure.<sup>97</sup>

We compared the Department's use of these contractors to that of child welfare agencies in Clark County, Nevada; Los Angeles County, California; New Mexico, and Utah, and found the following:<sup>98</sup>

- Similar to Arizona, Los Angeles County reported it contracts for multiple social services and child abuse prevention programs, including parent skill-building classes, adoption promotion and family reunification services, and drug and alcohol screenings. New Mexico also contracts for various social services, including parent skill-building classes, behavioral health and psychiatric services, and child and family transportation. Clark County and Utah also reported that they contract for drug screenings and some parent skill-building classes.
- Similar to Arizona, Los Angeles County and Utah contract with agencies that assist prospective foster parents in the licensure process.<sup>99</sup> Prospective foster parents in Clark County and New Mexico may also work with an agency to help them obtain foster home licensure, but these agencies are licensed within these jurisdictions, not contracted.<sup>100</sup>
- Similar to Arizona, Utah reported it contracts for some psychological services. Utah also reported it contracts for respite care, which is the short-term placement of children away from their foster home in order to provide the foster parents a break.

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<sup>95</sup> New Mexico and Utah require prospective foster parents to complete a training program prior to licensure, but the training is not a set number of hours. Utah also requires couples who are licensed to provide foster care to complete 16 hours of combined yearly training, whereas single foster parents are only required to complete 12 training hours yearly.

<sup>96</sup> Although all 4 states and jurisdiction we reviewed license some type of congregate care facility, the purpose of these facilities varies. For example, according to Los Angeles County, it has been moving away from using congregate care facilities but still licenses facilities known as short-term residential therapeutic programs to provide trauma-informed services to children.

<sup>97</sup> Although foster home applicants work with licensing agencies to submit applications to the Department, licensing agencies do not issue licenses, which is the Department's responsibility.

<sup>98</sup> See Appendix D, pages d-2 and d-3, for more information on our selection of these states and jurisdictions.

<sup>99</sup> In Los Angeles County, prospective foster parents may work with either a contracted agency or the Los Angeles County Department of Children and Family Services to obtain licensure, and both entities may issue licenses. In Utah, prospective foster parents must work with a contracted agency to submit an application, but the Utah Department of Health and Human Services ultimately issues the foster home license.

<sup>100</sup> In Clark County, prospective foster parents may work with either a licensed agency or the Clark County Department of Child and Family Services to apply for licensure, but the Clark County Department of Child and Family Services ultimately issues the foster home license. In New Mexico, prospective foster parents may work with either a licensed agency or the New Mexico Children, Youth and Families Department to obtain licensure, and both entities may issue licenses.

- Similar to Arizona, Los Angeles County and New Mexico reported that they contract with a local university for training and staff development, as well as an internship program for social workers.
- Clark County reported it contracts for the behavioral health needs of some children in foster care if they are not covered by Medicaid. Clark County also reported it contracts for a differential response system, which is intended to divert lower-risk abuse and neglect allegations from investigation and instead connect families with needed services to ensure child safety (see Arizona Auditor General Report 16-102 for additional information about differential response systems).

Finally, the Department also contracts for its plan to provide comprehensive physical and behavioral health services for children—DCS CHP (see Introduction, page 6, for more information on DCS CHP). According to a May 2022 study by the National Academy for State Health Policy, similar to Arizona, 6 other states contract with foster care-specific managed-care organizations to provide health services to children in foster care.<sup>101</sup> However, according to the Department, DCS CHP is unique because the Department directly oversees and administers the plan on behalf of AHCCCS.

We did not identify any additional areas where the Department should consider using private contractors.

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<sup>101</sup> As of May 2022, Florida, Georgia, Illinois, Kentucky, Massachusetts, and Texas also provide what is known as “foster care-specific specialized Medicaid managed care.” See Thompson, V. (2022). *50-State analysis: How state Medicaid programs serve children and youth in foster care*. Retrieved 1/27/2023 from <https://nashp.org/50-state-analysis-how-state-medicareid-programs-serve-children-and-youth-in-foster-care/>.



# SUMMARY OF RECOMMENDATIONS

## Auditor General makes 25 recommendations to the Department

The Department should:

1. Ensure that caseworkers submit court reports to the juvenile court 15 days prior to dependency review hearings as required by juvenile court rules (or as required by a revised time frame in juvenile court rules depending on the implementation of Recommendation 6) (see Finding 1, pages 14 through 18).
2. Develop and implement policies and procedures for tracking upcoming dependency review hearings and court report submission dates, including procedures for ensuring caseworkers are aware of any upcoming review hearings and court report submission deadlines for their caseload and reviewing report submission tracking data to help identify causes for any untimely court report submissions and develop action plans to address these causes (see Finding 1, pages 14 through 18).
3. Work with the juvenile court and other stakeholders to determine how the Department can improve the quality of information in its court reports for dependency review hearings (see Finding 1, pages 14 through 18).
4. Revise its court report template, as necessary, based on the outcome of working with the juvenile court and other stakeholders, develop and implement written guidance to help caseworkers complete and supervisors review court reports for dependency review hearings based on the Department's revised template, and train caseworkers/supervisors to ensure they complete court reports based on this written guidance (see Finding 1, pages 14 through 18).
5. Review provider reports uploaded to Guardian but not included in children's case files for the 596 open juvenile court cases and ensure this information is submitted to the juvenile court (see Finding 1, pages 14 through 18).
6. Work with AOC and juvenile court judges, as applicable, to determine if the 15-day requirement for submitting court reports is appropriate and, based on these conversations, work with the court to make any necessary modifications to juvenile court rules governing court report submission time frames (see Finding 1, pages 14 through 18).
7. Ensure that all its employees have a completed conflict-of-interest disclosure form that requires them to disclose secondary employment or whether they or their relatives have a substantial interest in any Department decision making, and attest that they do not have any potential conflicts, if applicable, also known as an "affirmative no" (see Finding 2, pages 19 through 23).
8. Develop and implement conflict-of-interest disclosure policies and procedures to help ensure compliance with State conflict-of-interest requirements and recommended practices, including:
  - a. Requiring employees to complete a conflict-of-interest disclosure form upon hire and reminding them at least annually to update their form when their circumstances change, including attesting that no conflicts exist, if applicable.
  - b. Storing all substantial interest disclosures in a special file available for public inspection.

- c. Establishing a process to review and remediate disclosed conflicts (see Finding 2, pages 19 through 23).
9. Develop written guidance specifying which employees the Department expects to annually submit an updated conflict-of-interest disclosure form and ensure that these staff annually submit a disclosure form (see Finding 2, pages 19 through 23).
10. Develop and provide periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to employees on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities (see Finding 2, pages 19 through 23).
11. Review recommendations the Department has not implemented from previous Auditor General special audit reports, implement any recommendations as identified, and provide explanations for any recommendations it does not plan to implement (see Sunset Factor 2, pages 24 through 38).
12. Ensure it licenses only qualified adoption and child welfare agency applicants (see Sunset Factor 2, pages 24 through 38).
13. Develop and implement guidance for how Department staff should review and verify requirements in its adoption and child welfare agency license application review checklists, including but not limited to guidance for verifying fingerprint clearance card validity and applicants' staff's education and work history (see Sunset Factor 2, pages 24 through 38).
14. License adoption agencies, child welfare agencies, and foster homes within the Department's required time frames (see Sunset Factor 2, pages 24 through 38).
15. Develop and implement a method for tracking all active applications for adoption and child welfare agency licenses, including recording when Department staff accomplish key steps in application processing time frames (see Sunset Factor 2, pages 24 through 38).
16. Revise its action plan for developing and implementing IT security policies and procedures to specify additional details and other information about risk areas outlined in the plan, including but not limited to:
  - Staff responsible for addressing risk areas outlined in the plan.
  - Action steps assigned staff should take to address a risk area.
  - Expected outcomes of action steps.
  - Time frames for completing action steps (see Sunset Factor 2, pages 24 through 38).
17. Implement its revised action plan for developing and implementing IT security policies and procedures, and regularly review and update the action plan, as necessary, based on progress (see Sunset Factor 2, pages 24 through 38).
18. Develop and implement policies and procedures for tracking whether staff have provided a response to AOC on behalf of local boards indicating whether the Department accepted or disagreed with recommendations in local board findings and recommendations reports (see Sunset Factor 2, pages 24 through 38).
19. Implement its corrective action plans to address DCS CHP performance issues that AHCCCS identified for the remaining 37 areas for improvement (see Sunset Factor 2, pages 24 through 38).
20. Revise and implement its policies and procedures for overseeing licensing agencies' monitoring of licensed foster homes, including by:

- a. Improving its sampling methods to be more representative of the population of foster homes assigned to each of its contracted licensing agencies, including considering taking a risk-based sampling approach.
  - b. Reviewing site visit reports and following up to ensure that site visits are completed, as necessary (see Sunset Factor 2, pages 24 through 38).
21. Implement its QRTP policies and procedures, conduct an assessment of whether the juvenile court is receiving timely and sufficient information as a result of these policies and procedures, and further revise these policies and procedures, as necessary (see Sunset Factor 2, pages 24 through 38).
  22. Develop a written plan for addressing its contractor’s recommendations for Guardian improvements (see Sunset Factor 2, pages 24 through 38).
  23. Develop and implement a written process for soliciting feedback from AOC about any issues with the accuracy and completeness of parents’ and foster parents’ address information it provides for local board reviews (see Sunset Factor 2, pages 24 through 38).
  24. Adopt rules for the licensing and regulation of child placing and child welfare agencies (see Sunset Factor 4, page 40).
  25. Further revise and implement its child welfare agency grievance policy and procedures, including by developing guidance for how staff should review grievances submitted by children in the care of child welfare agencies or by their parents. This guidance should include, at a minimum, the methodology for the random sampling and guidance for how to determine if the agency adequately addressed the grievances (see Sunset Factor 6, pages 41 and 42).

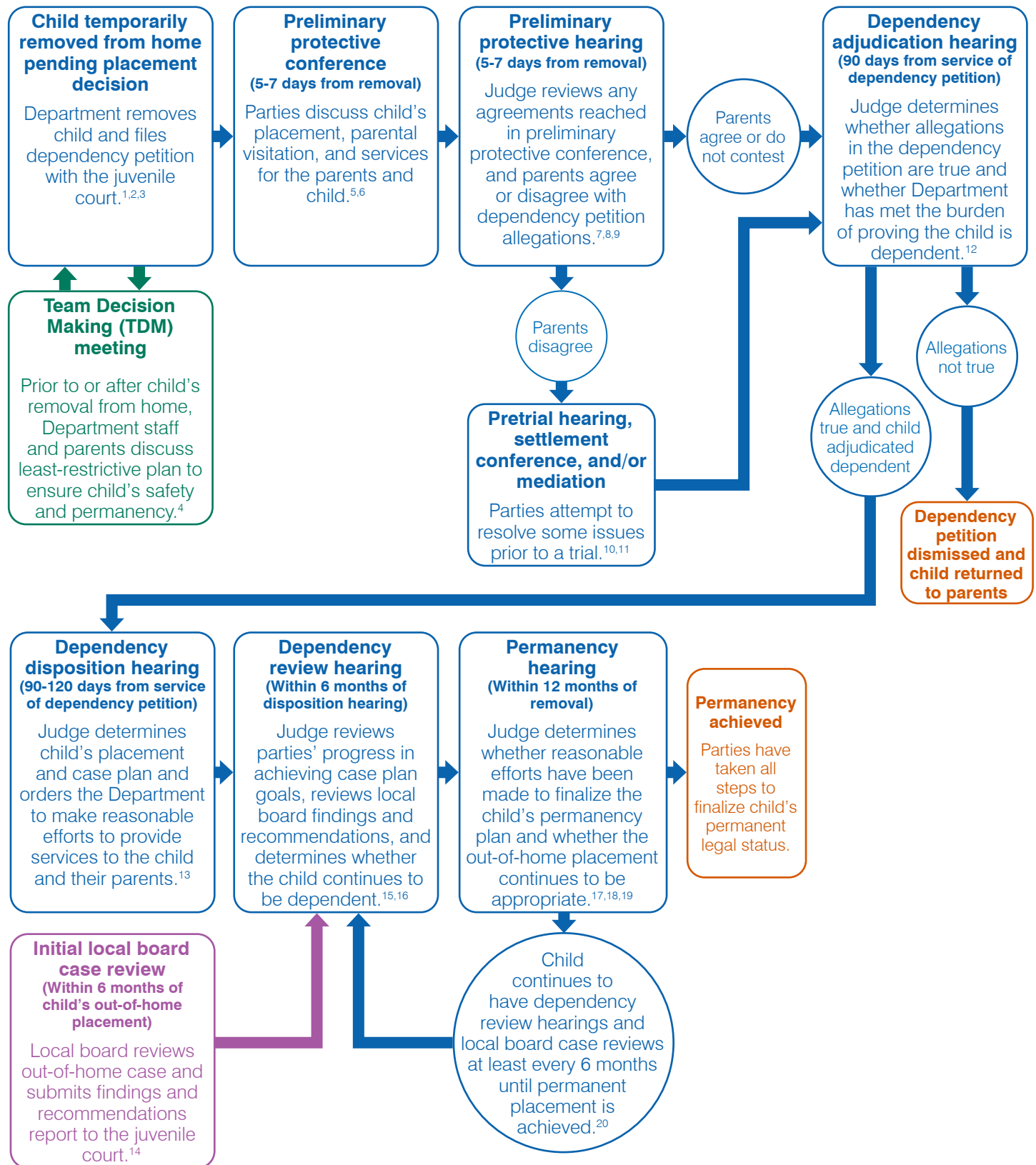


## State juvenile dependency adjudication and review process

Juvenile courts are responsible for making decisions about children’s dependency and permanency, with input and participation from the Department and local boards. Figure 6 (pages a-2 through a-4) outlines the steps of the State dependency adjudication and review process, including how the Department, local boards, the juvenile court, and parents and children are involved.



**Figure 6**  
**State juvenile dependency adjudication and review process**



<sup>1</sup> A.R.S. §8-451 requires the Department to investigate reports of abuse or neglect, and Department policy outlines criteria for determining whether any child in the home where abuse or neglect was alleged to occur is in present danger. If a child is found to be in present danger, Department policy requires

## Figure 6 continued

- Department staff to implement a plan that controls the present danger prior to leaving the child or family, up to and including the most intrusive option, which is to place the child in the temporary custody of the Department (see footnote 2 for additional information about temporary custody).
- <sup>2</sup> A.R.S. §8-821 requires the Department to take a child into temporary custody pursuant to an order of the superior court, with the consent of the child's parent or guardian, or if temporary custody is clearly necessary to protect the child from serious harm in the time it would take to obtain a court order and either of the following is true: (1) there is no less-intrusive alternative that would reasonably and sufficiently protect the child's health or safety or (2) probable cause exists to believe the child is a victim of sexual or serious physical abuse. Additionally, children must not remain in temporary custody for more than 72 hours (excluding weekends and holidays) unless a dependency petition is filed.
  - <sup>3</sup> A.R.S. §8-841 authorizes the Department to file a petition to commence dependency proceedings in the juvenile court, which should include a statement of the facts to support the conclusion that the child is dependent—pursuant to A.R.S. §8-201(15), children who are dependent include children who have been adjudicated to be in need of proper and effective parental care and control and who have no parent or guardian, or who have no parent or guardian willing or capable of exercising parental care and control; and children whose home is unfit by reason of abuse, neglect, cruelty, or depravity by a parent, a guardian, or any other person having custody or care of the child. Additionally, the Department may seek and the juvenile court may order in-home intervention as long as the child was not already removed from the home and placed under temporary custody (see footnote 2 for additional information about temporary custody), the parent agrees to a case plan and participation in services, and the court determines in-home intervention appears likely to resolve a child's safety-risk issues. In-home intervention must include a specific time frame for completion not to exceed 12 months without review and approval by the juvenile court, after which time the court must dismiss the dependency petition if it has not extended the in-home intervention and a dependency adjudication hearing has not been set. See A.R.S. §8-891.
  - <sup>4</sup> TDM meetings generally take place when a child has been removed or is at risk of being removed from their home and may occur at other times when a child is at risk of being unsafe, and provide opportunities for participants to make decisions about a child's safety, stability, and permanency, such as steps parents must take to ensure child safety, placement options for the child, and plans for sibling and parent visitation. TDM meeting participants may include but are not limited to parents, Department representatives, the child when appropriate, and a Department meeting facilitator not associated with the case.
  - <sup>5</sup> The preliminary protective conference must be led by a court-appointed facilitator who is not a party to the proceedings and must be held before the preliminary protective hearing to facilitate the resolution of issues in a nonadversarial manner, including to try to reach agreement on the custody and placement of the child, parenting time, visitation, and the services to be provided to the child and family. Additionally, individuals authorized to attend the preliminary protective conference are the same as for the preliminary protective hearing, including the child's parents or guardian, counsel for the parents, the child's guardian ad litem or attorney, and Department representatives and counsel. See Ariz. R.P. Juv. Ct. 331 and A.R.S. §8-824(B).
  - <sup>6</sup> Juvenile court rules define "party" as a child, parent, guardian, Department of Child Safety, any petitioner, and any person, Indian tribe, or entity that the court has allowed to intervene. See Ariz. R.P. Juv. Ct. 302(b).
  - <sup>7</sup> At the preliminary protective hearing, the judge must also determine whether temporary custody of the child is clearly necessary to prevent abuse or neglect and must either return the child to the child's parent or guardian pending the dependency adjudication hearing or declare the child a temporary ward of the court. See A.R.S. §8-825(C). A.R.S. §8-824(H) requires the Department to provide the juvenile court and parties a report prior to the preliminary protective hearing if the child is in the temporary custody of the Department with various information, including but not limited to the reasons the child was removed from the parent's or guardian's custody; any services that have been provided to the child or the child's parent or guardian to prevent removal; the need, if any, for continued temporary custody; efforts the Department has made to place siblings together; a proposal for visitation with the child's parents or guardian and the results of any visitation that has occurred since the child was removed; and a proposed case plan for services to the family.
  - <sup>8</sup> If a parent does not appear at the preliminary protective hearing, the juvenile court must set an initial dependency hearing no later than 21 days after the filing of the dependency petition to determine whether the parent admits to, denies, or does not contest the allegations contained in the dependency petition. See Ariz. R.P. Juv. Ct. 334(a) and (b). Service of the dependency petition, temporary custody orders, and a notice of the dependency hearing is complete if the documents are provided to a parent at the preliminary protective conference or preliminary protective hearing; when the parent signs an acceptance of service; or when the assigned attorney accepts service on behalf of a parent. See Ariz. R.P. Juv. Ct. 329(a). However, if service by publication is required, the juvenile court may set the initial dependency hearing after allowing sufficient time for publication and no less than 10 days after publication is complete. See Ariz. R.P. Juv. Ct. 334(b)(2).
  - <sup>9</sup> Pursuant to A.R.S. §8-826, if a parent or guardian denies the allegations at the preliminary protective hearing, the court may set the date for the dependency adjudication hearing as to that parent or guardian, an initial dependency hearing must not be held as to that parent or guardian, and the court must also schedule the settlement conference, pretrial conference, or mediation that is prescribed in A.R.S. §8-844.
  - <sup>10</sup> A.R.S. §8-844(A) requires the juvenile court to hold a settlement conference or pretrial conference or order mediation before a contested dependency case proceeds to adjudication (meaning the parents or guardians denied the allegations in the dependency petition). Specifically, a court with the parties' agreement may conduct a settlement conference to help identify and resolve issues, and each party must provide the juvenile court prior to the settlement conference a confidential memorandum that addresses the position of the party with respect to contested issues, a general description of the evidence the party will present, a summary of any attempts to settle the matter, and settlement proposals the party would find acceptable. If the parties are unable to reach agreement, the court must set or affirm a dependency adjudication hearing and may set a pretrial conference. See Ariz. R.P. Juv. Ct. 336. The pretrial conference provides an opportunity before a dependency adjudication hearing to determine whether parties can still resolve remaining issues without a hearing or whether parties intend to proceed to the dependency adjudication hearing. See Ariz. R.P. Juv. Ct. 337(a). According to the Department, mediation occurs more often than settlement conferences, and there is no cost for mediation in the juvenile court.

## Figure 6 continued

- <sup>11</sup> The Department reported that although parties may agree on certain issues, such as parental visitation time with a child or a child's out-of-home placement, other issues may remain unresolved, and the parties will proceed to a dependency adjudication hearing. Further, the Department reported that parents may decide not to contest the allegations after participating in a settlement conference or mediation. Pursuant to Ariz. R.P. Juv. Ct. 336, if the parent does not contest that the child is dependent, the court may adjudicate the child dependent and set a disposition hearing. Finally, in rare cases, the Department reported that it may decide to withdraw its dependency petition as part of a settlement.
- <sup>12</sup> Juvenile court rules require the dependency adjudication hearing to be completed no later than 90 days after service of the dependency petition on a parent, and the court must determine whether the Department has met the burden of proof that the child is dependent. See Ariz. R.P. Juv. Ct. 338. Additionally, A.R.S. §8-844(C) requires the juvenile court in a dependency adjudication hearing to determine whether the allegations contained in the dependency petition are true based on a preponderance of the evidence and, if so, must make a finding as to each parent whether the child is dependent and conduct a disposition hearing. If the court does not find by a preponderance of evidence that the allegations are true, the court must dismiss the petition and return the child to their parent or guardian.
- <sup>13</sup> A.R.S. §8-844(E) authorizes the juvenile court to hold the dependency disposition hearing on the same date as the dependency adjudication hearing or at a later date that is not more than 30 days after the date of the dependency adjudication hearing. Additionally, the juvenile court may place a child adjudicated dependent in the care of the child's parents subject to Department supervision or place the child in an out-of-home placement in accordance with the child's best interests and in the order of preference outlined in statute, including but not limited to placement with grandparents or other extended family, in a licensed foster home, or in an independent living program for older children. See A.R.S. §8-845(A).
- <sup>14</sup> For additional information about local board case reviews and findings and recommendations reports, see Introduction, page 8, and Sunset Factor 2, pages 29 and 30.
- <sup>15</sup> A.R.S. §8-847(A) requires the juvenile court to hold periodic review hearings consistent with federal law, which requires the status of each child in out-of-home care to be reviewed at least once every 6 months by either a court or administrative review in order to determine the safety of the child, the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress that has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to and safely maintained in the home or placed for adoption or legal guardianship. See 42 USC 675(5)(B). Federal law defines "administrative review" as a review open to the participation of the child's parents, conducted by a panel of appropriate persons, at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review. Local boards' case reviews qualify as administrative reviews under federal law.
- <sup>16</sup> At least 15 days before the dependency review hearing, the Department must provide a report to the court and the parties that addresses the child's placement; the services being provided to the child and family, including the child's educational needs; the progress the parties have made in achieving the case plan goals; and whether the child continues to be dependent. At the conclusion of a dependency review hearing, the juvenile court must either dismiss the petition and return the child to the parent if the court finds the child is no longer dependent or make a finding that the child continues to be dependent. If the child continues to be found dependent, the juvenile court must continue to hold periodic review hearings at least once every 6 months and set a permanency review hearing no later than 12 months from the date the child was removed from the home. Additionally, if the child continues to be found dependent, the juvenile court must make determinations about the child's placement, custody, and educational needs and services to be provided to the family and child. See A.R.S. §8-847 and Ariz. R.P. Juv. Ct. 341.
- <sup>17</sup> A.R.S. §8-862(A) requires permanency hearings to be held within 12 months after a child is removed from the child's home, within 6 months after a child who is under 3 years of age is removed from the child's home, or within 30 days after the disposition hearing if the court does not order reunification services.
- <sup>18</sup> During permanency hearings, the juvenile court must determine the appropriate permanency plan for the child and order the Department to accomplish the plan within a specific time. Additionally, the juvenile court must determine whether a child in an out-of-home placement continues to be in a placement that is appropriate and in the child's best interests. Finally, if the juvenile court determines that termination of parental rights or establishment of a permanent guardianship is clearly in the child's best interests, it must order the Department, the child's attorney, or the child's guardian ad litem to file a motion or petition to terminate parental rights or establish a permanent guardianship within 10 days after the permanency hearing. See A.R.S. §8-862(D)(F) and Ariz. R.P. Juv. Ct. 343(d).
- <sup>19</sup> Department policy requires staff to select a permanency goal in the following order of preference, consistent with the child's needs: remain with family for children receiving in-home services; family reunification; adoption; permanent guardianship; or another permanent living arrangement, such as permanent placement with a licensed foster family or in an independent living program. Pursuant to A.R.S. §8-871(C), the juvenile court may consider any adult, including a relative or foster parent, as a permanent guardian.
- <sup>20</sup> Juvenile court rules allow for any dependency review hearings beyond the initial permanency hearing to also serve as permanency hearings. See Ariz. R.P. Juv. Ct. 343(d)(2).

Source: Auditor General staff analysis of State statute, juvenile court rules, federal law, AOC website, Department policies, and Department-provided information.



## Arizona Auditor General is responsible for ongoing performance reviews of Department programs and services, issuing 13 special reports of the Department from October 2014 to September 2021

State laws require the Arizona Auditor General to establish an audit team to provide ongoing performance reviews and analyses of the Department.<sup>102</sup> Over the years, we have issued special audit reports of numerous Department processes, programs, and services, and on its compliance with statutes, policies, procedures, and requirements, including the Department's staff recruitment and retention, administrative staffing, Arizona Families F.I.R.S.T. substance abuse program, permanency practices, child safety and risk-assessment process, Arizona's child abuse and neglect report and substantiation rates compared to national averages, methods for calculating caseworker caseloads, emergency and residential placements, and classifying and locating children missing from care. Specifically, from October 2014 to September 2021, we issued 13 special reports of the Department that included 103 recommendations.<sup>103</sup> As of July 2023, we have concluded our follow-up work for all 13 special audits, and the Department's status in implementing the 103 recommendations was as follows:

- Implemented—25 recommendations.
- In process—35 recommendations.
- Partially implemented—4 recommendations.
- No longer applicable—1 recommendation.
- Not implemented—38 recommendations.

Table 4 (pages b-2 through b-5) outlines our main findings from these reports and the Department's status in implementing our recommendations at the time of our last followup.

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<sup>102</sup> A.R.S. §8-465.

<sup>103</sup> In addition to this sunset review report, we issued 2 performance audit reports in July and September 2023: Arizona Auditor General report 23-102 *Arizona Department of Child Safety—Information provided to local foster care review boards and State Ombudsman* and Arizona Auditor General report 23-113 *Arizona Department of Child Safety—Licensed foster care provider oversight*. However, we have not yet initiated our initial followups for these 2 performance audit reports.

**Table 4****Arizona Auditor General issued 13 special audit reports of the Department from October 2014 to September 2021, with 103 recommendations**

Report title, Report number, Date issued	Date of last followup <sup>1</sup>	Report summary and implementation status of recommendations
<a href="#">Children Support Services—Emergency and Residential Placements (Report 14-107) October 2014</a>	<a href="#">42-Month followup—June 2018</a>	<p>The October 2014 special audit report of the Department found that the number of Arizona children and the length of time they are in congregate care has increased, and as a result, the costs for this placement type nearly doubled between fiscal years 2009 and 2013. Contributing to the increase in congregate care use is an inadequate supply of foster care homes; various State practices, including some related to permanency goals and activities; and inadequate access to behavioral health services. Although the Department has taken some steps to reduce the use of congregate care, it should consider other states' experiences to identify multiple strategies for reducing its use. The Department's status in implementing the recommendations is as follows:</p> <p><b>Implemented – 2</b>  <b>In process – 1</b>  <b>No longer applicable – 1</b></p>
<a href="#">Child Abuse or Neglect Reports, Substantiation Rate, and Office of Child Welfare Investigations (Report 15-101) March 2015</a>	<a href="#">18-Month followup—November 2016</a>	<p>The March 2015 special audit report of the Department found that the number of child abuse or neglect reports in Arizona has been similar to or exceeded the national average, and although Arizona's substantiation rate has been increasing, it was below the national average. Finally, based on information provided by investigative agencies from 25 states, Texas is the only state we identified with a unit similar to Arizona's OCWI that investigates criminal allegations of child abuse or neglect. The other states' investigative agencies indicated that child abuse investigations involve 2 parties—child safety caseworkers and law enforcement—but not a third investigative unit. The Department's status in implementing the recommendations is as follows:</p> <p><b>Implemented – 2</b>  <b>In process – 2</b></p>
<a href="#">Arizona Department of Child Safety Independent Review (Report 15-CR1) June 2015</a>	<a href="#">6-Month followup—February 2017</a>	<p>The June 2015 Chapin Hall Center for Children at the University of Chicago (Chapin Hall) independent review of Arizona's child safety system and the new Arizona Department of Child Safety found that overall, the Department faced challenges such as standardizing its child risk safety assessment, expanding services, and reducing caseload. Chapin Hall reported that implementing the recommendations will take time and will be challenging given the volume of cases the Department is dealing with as well as the lack of trust stakeholders have with the Department. The Department's status in implementing the recommendations is as follows:</p> <p><b>Implemented – 1</b>  <b>In process – 24</b>  <b>Not implemented – 1</b></p>

**Table 4 continued**

Report title, Report number, Date issued	Date of last followup <sup>1</sup>	Report summary and implementation status of recommendations
<a href="#">Child Safety, Removal, and Risk Assessment Practices (Report 15-118) September 2015</a>	<a href="#">30-Month followup—February 2018</a>	<p>The September 2015 special audit report of the Department found that similar to other child welfare agencies, the Department uses 3 common factors to assess child safety. Agencies' risk-assessment processes are more varied, and the Department uses multiple factors and relies on caseworker judgment to assess risk. However, the Department's child safety and risk-assessment tool does not sufficiently guide caseworkers in making child safety decisions. Insufficient training has also limited caseworkers' ability to conduct child safety and risk assessments. The Department needs to modify or replace its child safety and risk-assessment tool, provide adequate training for caseworkers and supervisors, and improve safety planning. The Department's status in implementing the recommendations is as follows:</p> <p><b>Implemented – 4</b></p> <p><b>Partially implemented – 2</b></p> <p><b>In process – 3</b></p>
<a href="#">Differential Response and Case Screening (Report 16-102) March 2016</a>	<a href="#">72-Month followup—August 2022</a>	<p>The March 2016 special audit report of the Department found that, as required by the Legislature, the Department developed recommendations in 2015 for implementing a new differential response system, and as of February 2016, the Department was moving forward with implementing the system. The Legislature also instructed the Auditor General to complete a special report to evaluate the merits and disadvantages of a differential response system, include best practices from other states, and recommend improvements for implementing such a system. Accordingly, our March 2016 special report provided information on the potential benefits and drawbacks of a differential response system, identified best and other state practices, and made 15 recommendations to the Department to help guide its implementation of a differential response system. The Department's status in implementing the recommendations is as follows:</p> <p><b>Not implemented – 15</b></p>
<a href="#">Permanency Practices (Report 16-110) September 2016</a>	<a href="#">18-Month followup—June 2018</a>	<p>The September 2016 special audit report of the Department found that the Department is responsible for helping to ensure that children who have been removed from the home achieve a safe and stable permanent home. Permanency can include safely placing a child back with his/her parents, in the care of a relative, and adoption. Although the majority of Arizona children exiting out-of-home care achieve permanency in a family setting, we found that the Department can improve its permanency efforts. Specifically, the Department has not consistently submitted timely and detailed reports about the status of a child's case to the juvenile courts, and caseworkers are frequently absent from Foster Care Review Board (FCRB) reviews. We also found that although the Department places more children with kin than the national average, staff have not always adequately documented their kin-search efforts. Further, previous reviews found that the Department has needed to improve other permanency practices and outcomes, including ensuring that children achieve permanency in a timely manner; filing petitions in a timely manner to terminate parental rights so that a child can be adopted; recruiting and retaining foster homes, which can become permanent placements; and preserving a child's connections to his/her family and community. The Department's status in implementing the recommendations is as follows:</p> <p><b>Implemented – 4</b></p> <p><b>In process – 1</b></p> <p><b>Not implemented – 11</b></p>

**Table 4 continued**

Report title, Report number, Date issued	Date of last followup <sup>1</sup>	Report summary and implementation status of recommendations
<a href="#">Administrative Staffing Level (Report 17-102) January 2017</a>	None	<p>The January 2017 special audit report of the Department found that as of October 2016, 431 of the Department’s 2,728 filled staff positions, or 16 percent, were in its central administration, which includes various administrative divisions that provide support, management, or oversight to the Department. We found that the Department’s administrative staffing level appears reasonable. Specifically, we compared the staffing within the Department’s Central Administration to the staffing in other agencies’ central administrations. Although differences in the organization, staffing, and scope of functions within each of these agencies’ central administrations limit the usefulness of such a comparison, the percentage of total agency staff within the Department’s Central Administration is similar to that of the other agencies reviewed. Further, auditors reviewed the Department’s staffing analysis process for estimating staffing needs within its Central Administration, which it implemented in fiscal year 2016, and found this process to be reasonable. Specifically, the method the Department uses to estimate staffing needs is logical and consistent with a recommended workload estimate process. We made no recommendations.</p>
<a href="#">Staff Retention, Recruitment, and Training (Report 17-111) September 2017</a>	<a href="#">18-Month followup— July 2019</a>	<p>The September 2017 special audit report of the Department found that the Department’s agency-wide turnover for 5 positions was 30.1 and 28.7 percent in fiscal years 2016 and 2017, respectively, with fiscal year 2017 turnover for these 5 positions ranging from about 5 percent for program managers to about 35 percent for case aides. The Department has taken various actions to identify and address factors affecting staff retention—including efforts to increase salaries, improve staff training and supervision, reduce staff workload, and implement a peer support program—and it should continue these efforts. In addition, although the positions we reviewed were largely filled as of June 2017, we identified some additional practices for hiring best fit job applicants that could help promote retention, particularly for caseworkers. We also found that the Department should expand its current efforts to strengthen staff training, such as by implementing an annual training requirement and strengthening its monitoring of staff training completion. The Department’s status in implementing the recommendations is as follows:</p> <p><b>Implemented – 6</b></p> <p><b>Partially implemented – 1</b></p> <p><b>In process – 4</b></p> <p><b>Not implemented – 5</b></p>
<a href="#">Arizona Families F.I.R.S.T. (Report 18-103) March 2018</a>	<a href="#">48-Month followup— June 2022</a>	<p>The March 2018 special audit report of the Department found that the Department’s contracted substance abuse program incorporates best practices in its design, and the Department has implemented controls to oversee contractors’ compliance with program requirements. The Department’s status in implementing the recommendation is as follows:</p> <p><b>Not implemented – 1</b></p>
<a href="#">Foster Home Recruitment, Licensure, Use, and Retention (Report 19-113) September 2019</a>	<a href="#">36-Month followup— February 2023</a>	<p>The September 2019 special audit report of the Department found that the Department engages in recommended recruitment practices, but foster parent feedback indicates a need for improved customer service and more information about children. The Department’s status in implementing the recommendations is as follows:</p> <p><b>Implemented – 3</b></p> <p><b>Not implemented – 3</b></p>

**Table 4 continued**

Report title, Report number, Date issued	Date of last followup <sup>1</sup>	Report summary and implementation status of recommendations
<a href="#">Caseworker Caseload Standards (Report 20-105)</a> <a href="#">July 2020</a>	None	The July 2020 special audit report of the Department found that best practice for caseload standards is evolving, and Department does not use caseload standards to manage caseworker workloads; instead, it moves cases or caseworkers in an effort to balance caseworker workloads, overseeing these efforts through management reviews. We made no recommendations.
<a href="#">Caseworker Caseload Reporting (Report 20-113)</a> <a href="#">December 2020</a>	<a href="#">30-Month followup—</a> <a href="#">July 2023</a>	The December 2020 special audit report of the Department found that, although the Department has various practices that can help ensure the reliability of the underlying data it uses to calculate caseloads for 3 public reports, its method for calculating caseloads results in less precise caseload numbers and increases the potential for reporting errors. The Department’s status in implementing the recommendations is as follows:  <b>Implemented – 1</b> <b>Partially implemented – 1</b>
<a href="#">Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices (Report 21-113)</a> <a href="#">September 2021</a>	<a href="#">18-Month followup—</a> <a href="#">June 2023</a>	The September 2021 special audit report of the Department found that the Department’s practices for classifying and locating children missing from care are generally consistent with recommended practices, but caseworkers did not always comply with documentation requirements, the Department and law enforcement have not formalized expectations for collaboration, and the Department lacks some detailed guidance for caseworkers’ ongoing efforts to locate children missing from care. The Department’s status in implementing the recommendations is as follows:  <b>Implemented – 2</b> <b>Not implemented – 2</b>

<sup>1</sup> We have concluded our follow-up work for all 13 special audits.

Source: Auditor General staff review of Arizona Auditor General special audit reports of the Department issued from October 2014 to September 2021 and the most recent followups as of August 2023.





## As of August 1, 2023, Department has not fully implemented 42 of 58 recommendations from 6 Arizona Auditor General special audit reports

From March 2016 to September 2021, we issued 6 special audit reports for which the Department did not fully implement all report recommendations. Specifically, the Department has not implemented a total of 37 of 58, or 64 percent, of the recommendations we made in these special reports and was in the process of implementing a total of 5 of 58, or 9 percent, of the recommendations. Recommendations from our special audit reports achieve the greatest impact when they are timely implemented. For this reason, and as directed by the Joint Legislative Audit Committee (JLAC), we follow up on each of our special audit findings and recommendations at 6 and 18 months following their issuance to assess the Department's efforts to implement the recommendations.<sup>104</sup> We continue our follow-up work for several years to help hold State agencies, including the Department, accountable for implementing recommendations that will improve its operations, ensure compliance with laws and regulations, and better serve Arizona children, parents, and the community.

Table 5 (see pages c-2 through c-10) lists the recommendations the Department has not implemented, and Table 6 (see pages c-11 and c-12) lists the recommendations the Department was in the process of implementing, along with the following information:

- Relevant audit report.
- Most-recently completed followup.
- Specific recommendations the Department has not implemented or was in the process of implementing.
- Status explanations for each recommendation not implemented or was in the process of implementing.
- Approximate number of years the Department has not implemented the recommendation.

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<sup>104</sup> JLAC consists of 5 Arizona Senate members appointed by the President of the Senate and 5 Arizona House members appointed by the Speaker of the House of Representatives. JLAC oversees all audit functions of the Legislature, State agencies, and the Arizona Auditor General's Office, including sunset, performance, special and financial audits, and special research requests. JLAC is also responsible for requiring State agencies to comply with findings and directions of the committee.

**Table 5**

**Arizona Auditor General recommendations the Department has not implemented as of August 1, 2023**  
**Audit reports issued from March 2016 through September 2021**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
<p><a href="#">Differential Response and Case Screening (16-102) March 2016</a></p> <p><a href="#">72-Month followup—August 2022</a></p> <p><i>Note: We have concluded our follow-up work on this report because the Department does not plan to implement our recommendations.</i></p>	<p><b>15 recommendations not implemented</b></p> <p>As explained in our March 2016 special audit report, a differential response system provides an alternative to a traditional investigative response for lower-risk reports of child abuse or neglect. This alternative approach focuses on engaging families to assess their needs and connect them with services, such as substance abuse treatment and mental health counseling, without first investigating the report of child abuse or neglect. Our report outlined various potential benefits and drawbacks to implementing a differential response system. The Department reported it has improved the quality of and its capacity to conduct child safety assessments and expanded its continuum of services for families, such as parent skill building and substance abuse and behavioral health treatments. As a result, the Department reported that implementing a differential response system is no longer necessary, and thus, it will not implement the 15 recommendations from our report. Instead, the Department plans to continue to investigate all reports of abuse and neglect with Department staff trained in child safety assessment and only then provide services to families aimed at preventing repeated reports of abuse and neglect.</p>	7.5
<p><a href="#">Permanency Practices (16-110) September 2016</a></p> <p><a href="#">18-Month followup—June 2018</a></p> <p><i>Note: We have concluded our follow-up work on this report. The Department reported it does not plan to implement 11 recommendations</i></p>	<p><b>1.1 The Department should take steps to better understand and address court report submission timeliness by:</b></p> <ul style="list-style-type: none"> <li><b>a. Developing a mechanism for tracking court report submission dates, and</b></li> <li><b>b. Reviewing court report submission data to help identify causes for untimely court report submission, and developing action plans to address these causes.</b></li> </ul> <p>As indicated in its response to the special audit report, the Department does not plan to implement these recommendations. The Department reported that monitoring court report submission dates at the Department without corresponding tracking data from the courts would not allow for the determination of report timeliness or frequency and the subsequent impact on permanency, and the timeliness of court report submission cannot be accurately determined because routine monitoring by the courts or the Department does not occur. Further, the Department reported it will not track or analyze data associated with untimely court report submission. However, we found that the Department’s failure to implement these recommendations contributed to issues we identified during this sunset review related to untimely court report submissions (see Finding 1, pages 14 through 18, for more information).</p>	7

**Table 5 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
Arizona Department of Child Safety— Permanency Practices continued	<p><b>1.2 The Department should develop and implement guidance directing the supervisory review of court reports to help ensure that these reports contain the information and level of detail required by its court report templates.</b></p> <p>As indicated in its response to the special audit report, the Department does not plan to implement this recommendation. The Department reported that its policy and standardized court report templates provide the required information based on the current standards identified in State statute and administrative code, and guidance is provided by the Department's supervisors to ensure court reports contain the information and level of detail required. However, we found that the Department's failure to implement this recommendation contributed to issues we identified during this sunset review related to court report quality (see Finding 1, pages 14 through 18, for more information).</p>	7
	<p><b>1.3 Once established, the Department should ensure that its supervisors are trained on the court report review guidance.</b></p> <p>As indicated in its response to the special audit report, the Department does not plan to implement this recommendation. The Department reported training is not necessary, and additional guidance will not be developed. However, we found that the Department's failure to implement this recommendation contributed to issues we identified during this sunset review related to court report quality (see Finding 1, pages 14 through 18, for more information).</p>	7
	<p><b>1.4 The Department should work with the juvenile courts to determine how it can more clearly present new information and/or progress updates in court reports and update its court report templates, as needed.</b></p> <p>As indicated in its response to the special audit report, the Department does not plan to implement this recommendation. The Department reported the Department's policy and standardized court report templates provide the required information based on the current standards identified in State statute and administrative code, and as a part of the Department's Continuous Quality Improvement (CQI) initiatives, court report templates are routinely reviewed and evaluated for appropriate data elements and level of detail. However, we found that the Department's failure to implement this recommendation contributed to issues we identified during this sunset review related to court report quality (see Finding 1, pages 14 through 18, for more information).</p>	7

**Table 5 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
Arizona Department of Child Safety— Permanency Practices continued	<p><b>1.5 Once the Department has revised its court report templates to include guidance on incorporating new and/or updated information, it should:</b></p> <ul style="list-style-type: none"> <li><b>a. Revise its associated policies and procedures for preparing and providing court reports to the juvenile courts to reflect these changes, and</b></li> <li><b>b. Modify its existing training to include any changes made to its court report templates and train appropriate staff, including supervisors, accordingly.</b></li> </ul> <p>As indicated in its response to the special audit report, the Department does not plan to implement these recommendations. The Department reported that policies and procedures do not require revisions or updates, training is not necessary, and no changes will be made to the court report template. However, we found that the Department’s failure to implement these recommendations contributed to issues we identified during this sunset review related to court report quality (see Finding 1, pages 14 through 18, for more information).</p>	7
	<p><b>1.6 The Department should develop and implement policies and procedures to guide its review and use of information from the FCRB monthly attendance reports to improve caseworker attendance and the provision of information to the FCRB.</b></p> <p>As indicated in its response to the special audit report, the Department does not plan to implement this recommendation. The Department reported its policy is not aligned with federal and State statutes, which do not require in person or telephonic appearance at foster care review board hearings, and policies and procedures to standardize the review of attendance reports does not ensure improved caseworker attendance, nor does it improve the provision of information to the foster care review boards. However, although we found the Department improved caseworker attendance at local foster care review boards since this special report, we still made recommendations to further improve caseworker attendance. See Arizona Auditor General Report 23-102, Finding 2, and Sunset Factor 2, page 31, for more information on our findings and recommendations related to caseworker attendance.</p>	7
	<p><b>2.1 The Department should establish a formalized monitoring process to help ensure that all staff involved in performing kin searches are documenting the required information in the “Locate Efforts” case note.</b></p> <p>As indicated in its response to the special audit report, the Department does not plan to implement this recommendation. The Department reported there is no indication that the documentation of the “Locate Efforts” case note type impacts the percentage of children in kinship placements. However, the Department’s policy at the time of this special audit required staff to document “Locate Efforts” in order to reduce duplication of kin-search efforts and to improve sharing of kin-search information across multiple staff.</p>	7

**Table 5 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
Arizona Department of Child Safety— Permanency Practices continued	<p><b>2.2 The Department should develop and implement policies and procedures that establish a formal time frame for the family locate unit to process kin-search requests submitted by caseworkers.</b></p> <p>As indicated in its response to the special audit report, the Department does not plan to implement this recommendation. The Department reported that the policy and procedures for the family locate unit time frames is appropriate, and that there is no indication that implementing a revised time frame for the family locate unit would impact the percentage of children in kinship placements. However, we found that the Department already had an expectation that kin searches should be completed within 45 days, but this expectation was not formalized in Department policies and procedures, which could help ensure staff are aware of the expectation</p>	7
	<p><b>2.3 The Department should identify and implement methods to help ensure that caseworker kin-search requests are processed in a more timely manner, including exploring whether the number of requests made to the family locate unit can be reduced by transferring some of these requests to the family engagement specialists.</b></p> <p>As indicated in its response to the special audit report, the Department does not plan to implement this recommendation. The Department reported that volume related family locate needs are addressed by workload redistribution and kin placements continue to increase. Further the Department reported there is no national standard set by the federal Department of Health and Human Services for the percentage of children placed with kin, and that with the national average of 22.6 percent, the Department placed significantly (42.2 percent) more children with kin than the national average and has continued improvement year over year since 2010.</p>	7
<p><a href="#">Staff Retention, Recruitment, and Training (17-111) September 2017</a></p> <p><a href="#">18-Month followup— July 2019</a></p> <p><i>Note: We have concluded our follow-up work on this report. The Department reported it does not plan to implement or has made no further progress on implementing 5 recommendations.</i></p>	<p><b>1.1 The Department should consider implementing a quality control check to help ensure the consistency of turnover information across its reports.</b></p> <p>As indicated in its response to the special audit report, the Department did not agree that additional quality control checks were necessary. However, quality control checks can help ensure consistent and reliable turnover information across its reports, which can inform decisions by internal management and the Legislature.</p>	6

**Table 5 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
Arizona Department of Child Safety—Staff Retention, Recruitment, and Training continued	<p><b>3.1b. As resources allow, participating in additional recruiting activities at the universities to recruit applicants earning social work or related degrees who are not part of the tuition assistance program. As needed and as resources permit, the Department could also consider attending recruiting activities at universities in bordering states, such as Nevada, New Mexico, and Utah, to recruit caseworker applicants for rural Arizona cities.</b></p> <p>As indicated in its response to the report, the Department does not plan to implement this recommendation. The Department reported there is not strong evidence of a positive correlation between a social work degree and retention, and the Department believes that attending recruiting activities in bordering states would not be the most responsible use of state resources. However, our report found that numerous research studies have found that the retention of child welfare workers is improved when they have a social work degree, and recruiting in neighboring states can help the Department recruit applicants who are not part of the State’s tuition assistance program.</p>	6
	<p><b>5.3 The Department should develop a formal training program for its program managers that includes mentoring and networking opportunities.</b></p> <p>The Department reported that it has not yet begun implementing this recommendation because it has prioritized another recommendation for implementation, which includes a training program for aspiring and first-time leaders. The Department reported that this training program will lay the groundwork for developing a training program for its program managers.</p>	6
	<p><b>5.4 Consistent with federal requirements, the Department should develop and implement a continuous training requirement and document this requirement in policy. In doing so, the Department should determine the amount of training its staff should complete on an ongoing basis, such as a minimum number of annual training hours, and how to track this training’s completion.</b></p> <p>The Department reported that it does not plan to develop or implement a formal continuous training requirement. However, as was the case during the audit, the Department provides ongoing training opportunities for staff and can track training completion using its Learning Management System, and our special report found that providing continuous educational opportunities for child welfare staff is critical to ensuring staff remain competent and can perform their roles successfully.</p>	6

**Table 5 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
<p>Arizona Department of Child Safety—Staff Retention, Recruitment, and Training continued</p>	<p><b>5.5 The Department should identify and implement additional accountability mechanisms that ensure (1) staff responsible for tracking and monitoring training completion do so in accordance with department processes and (2) all staff comply with the Department’s training requirements for their positions.</b></p> <p>As indicated in its response to the special audit report, the Department did not agree that it was necessary to identify and implement additional accountability mechanisms to ensure staff complete their required training. The Department reported that its current process, which was in place during the audit, allows for supervisors, managers, and administrative staff to access its Learning Management System to review whether staff are completing required trainings. The Department revised its attendance and leave policy in March 2019 to reaffirm that supervisors should ensure employees attend and document mandatory trainings through its Learning Management System. However, we reviewed the completed training for 10 caseworkers and found that none of the staff had completed all required training within the Department’s designated time frames.</p>	<p>6</p>
<p><a href="#">Arizona Families F.I.R.S.T. (18-103) March 2018</a></p> <p><a href="#">48-Month followup— June 2022</a></p> <p><i>Note: We have concluded our follow-up work on this report. The Department has made no further progress on implementing this recommendation.</i></p>	<p><b>2.1 The Department should carry out its plans to conduct periodic reviews, on a sample basis, of documentation supporting invoiced services to ensure these services are supported.</b></p> <p>As reported in previous followups, the Department implemented procedures to review invoices on a sample basis for nearly 2 years but reported that it discontinued implementing the procedure in July 2020 due to limited staff resources. Additionally, according to the Department, its reviews of underlying documentation during this period did not identify any significant instances of inappropriate or unsubstantiated billing. However, the Department has updated its invoicing practices to require its case managers and service team staff to preapprove all billable services on an individual client basis in the Department’s case management system (Guardian) and that contractors must submit invoices to Guardian for each service provided to individual clients instead of submitting a monthly invoice for all clients. According to the Department, these updated invoicing requirements should provide safeguards against improper billing. Although contractors submit documentation to the Department related to the invoiced services, the Department does not conduct periodic reviews on a sample basis of this documentation to ensure that invoiced services were provided and reported that it does not plan to do so. However, ensuring that contractors have provided services continues to be important. For example, our interviews with 22 of 28 juvenile court judges during this sunset review identified various concerns with Department services, including issues related to contractors not fulfilling their obligations.</p>	<p>5.5</p>

**Table 5 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
<p><a href="#">Foster Home Recruitment, Licensure, Use, and Retention (19-113) September 2019</a></p> <p><a href="#">36-Month followup—February 2023</a></p> <p><i>Note: Because the Department has not made further progress on implementing the 3 recommendations and did not outline a plan and/or estimated time for doing so, we do not plan to conduct additional followups.</i></p>	<p><b>1. The Department should develop and implement a customer service model to improve foster parent recruitment and retention and engage in continuous quality improvement (i.e., systematically obtaining and incorporating feedback) to ensure the model’s successful implementation.</b></p> <p>Although the Department agreed to implement this recommendation in its response to our special audit report, as of September 2022, it has not developed and implemented a customer service model and reported it does not plan to do so. However, the Department reported that it believes developing some components of a customer service model, such as prioritizing the customer, i.e., potential and existing foster parents, and increasing support to foster parents, will improve foster home recruitment and retention. As a result, the Department reported that it plans to develop some components of a customer service model. For example, to improve foster parents’ fostering experience, the Department plans to develop and implement new criteria that will help it identify and select foster home recruitment and support contractors who excel in prioritizing the needs of potential and current foster parents and discontinue working with contractors who have not prioritized these needs. The Department did not provide an estimated time frame for implementing some components of a customer service model.</p>	4
	<p><b>2. The Department should, as required by statute, provide foster parents with complete, updated written placement packet information upon placement of children with foster parents. The Department should also monitor caseworker provision of placement packets to foster parents and obtain feedback from foster parents regarding their receipt of complete placement packets through its implementation of Recommendation 1 above.</b></p> <p>The Department reports that it provides hard copy placement packets to foster parents for a child’s initial placement after being removed from their home and makes packets for subsequent placements available to foster parents through an online portal. Additionally, the Department has periodically sent emails to its staff reminding them about the importance of providing placement packets to foster parents. However, although the Department asks foster parents whether they have received a placement packet, it has not obtained their feedback regarding the usefulness of the placement packets they received nor did it provide an estimated time frame for doing so as part of implementing Recommendation 1 (see explanation for Recommendation 1). As a result, the Department lacks information to determine if the placement packets it provides to foster parents are complete and up-to-date.</p>	4



**Table 5 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
<p>Arizona Department of Child Safety—Foster Home Recruitment, Licensure, Use, and Retention continued</p>	<p><b>3. The Department should review the data collection procedures for why foster parents close their licenses and identify and implement opportunities to improve data quality. This should include allowing for more than 1 reason for license closure to be selected, providing more guidance to contractors on how to gather and enter information, and considering other methods of collecting this data, such as an anonymous web survey.</b></p> <p>The Department has not made further progress toward implementing this recommendation since the 24-month followup. Specifically, as reported in our 24-month followup, although the Department updated the form that foster parents complete to close their license to allow foster parents to select the reason(s) for closure from a list of reasons, its licensing database does not allow for more than 1 reason to be recorded. Additionally, the Department reported that it plans to fully implement this recommendation through its case management system, Guardian, but does not have an estimated time frame for doing so.</p>	<p>4</p>
<p><a href="#">Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices (21-113) September 2021</a></p> <p><a href="#">18-Month followup—June 2023</a></p> <p><i>Note: Because the Department has not made further progress on implementing the 2 recommendations and reported that it will take no further action to implement these recommendations, we do not plan to conduct additional followups.</i></p>	<p><b>2. To help ensure timely documentation, the Department should expand its biweekly review process to include determining whether efforts to locate children missing from care are occurring and documented in case notes.</b></p> <p>As reported in our initial followup, the Department revised its biweekly review procedures to include determining whether efforts to locate children missing from care are occurring and documented in case notes. However, similar to what we found during our initial followup, our review of the Department’s biweekly review reports from April 2022 through February 2023 found that Department staff are not consistently implementing the biweekly review procedures. For example, the Department’s biweekly review process procedures require its staff to indicate in biweekly review reports an anticipated date for making efforts to locate missing children that have not yet occurred, but Department staff did not always include these dates in the reports when applicable. This inconsistent implementation of the procedures had potentially occurred because the biweekly review report’s instructions do not require staff to include an anticipated date for making efforts to locate missing children, contrary to the Department’s written procedures. Despite this gap between the written procedures and the biweekly review report’s instructions, the Department reported it does not plan to further revise the instructions or take other actions to ensure all its staff record anticipated dates for making efforts to locate missing children as required by its biweekly review procedures. As a result, the Department cannot ensure all its staff have made required efforts to help locate missing children.</p>	<p>2</p>

**Table 5 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
<p>Arizona Department of Child Safety—Comparing Department Practices for Classifying and Locating Children Missing from Care to Best Practices</p>	<p><b>3. The Department should work with law enforcement to formalize expectations regarding their respective roles and responsibilities for locating children missing from Department care, and work with State policymakers to address potential barriers as needed. For example, the Department could pilot establishing a formal agreement or mutually agreed-upon protocols with 1 or more of the approximately 150 law enforcement agencies in Arizona, such as an agency where improved coordination would be beneficial; assess whether the pilot was helpful for improving coordination; and if so, work with State policymakers to determine a practical approach to formalizing expectations between the Department and law enforcement agencies State-wide. The Department and law enforcement could explore other options for formalizing expectations as well.</b></p> <p>As reported in our initial followup, according to the Department, it verbally engaged with 2 law enforcement agencies and found that these agencies support the Department’s work to locate children missing from its care. As a result, the Department concluded that developing a formal agreement with these agencies related to roles and responsibilities for locating children missing from Department care was not necessary. However, the Department declined to provide further details about the nature, length, and number of verbal engagements it had with the 2 law enforcement agencies, citing concerns about damaging the positive working relationship it had with those agencies.</p> <p>The Department also reiterated its concern expressed during our audit that it would be impractical to establish a formal agreement with each of the approximately 150 law enforcement agencies in the State. However, as indicated in our September 2021 special report, although the Department and law enforcement agencies do have joint investigative procedures, these are not specific to locating children missing from care, and recommended practices include developing and implementing formal agreements or mutually agreed-upon protocols to address various elements of coordination between law enforcement and child welfare agencies. Further, as stated in our recommendation, the Department could explore multiple options for formalizing expectations with law enforcement agencies, such as first piloting a formal agreement or other mutually agreed upon protocols with 1 or more law enforcement agencies in Arizona. The Department has not pursued other options for formalizing expectations with law enforcement agencies, including working with State policymakers as needed.</p> <p>Although the Department agreed with our September 2021 finding and agreed to implement this recommendation in a different manner by working with State policymakers as required to formalize expectations and indicated it may explore coordination with the Arizona Department of Public Safety regarding the functions or role they have with missing children, it reported that it will take no further action to implement this recommendation.</p>	<p>2</p>

Source: Auditor General staff review of Arizona Auditor General special audit reports of the Department issued from March 2016 through September 2021 and the most recent followups as of August 2023.

**Table 6**

**Arizona Auditor General recommendations the Department was in the process of implementing as of August 1, 2023**  
**Audit reports issued in September 2016 and 2017**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
<p><a href="#">Permanency Practices (16-110) September 2016</a></p> <p><a href="#">18-Month followup— June 2018</a></p> <p><i>Note: We have concluded our follow-up work on this report.</i></p>	<p><b>5.1 To better recruit and retain foster homes, the Department should:</b></p> <p><b>b. Continue with its efforts to improve the recruitment and retention of foster homes by implementing the steps it has identified to address its 2016 strategic plan foster home recruitment and retention goal.</b></p> <p>The Department has taken some steps to address its 2016 strategic plan goals related to improving the recruitment and retention of foster homes. For example, the Department established the Fostering Inclusion Respect Support Trust Advisory (FIRST) Commission, which developed a website to improve foster families' interactions with the child welfare system. The Department is also implementing other strategies that, although not specifically identified from its 2016 strategic plan, are targeted at improving foster home recruitment and retention. For example, the Department started 2 projects in March 2018—a <i>Recruitment of Foster Parents project</i> and a <i>Kinship and Foster Parent Support project</i>—which aim to institute process improvements to better recruit, support, and retain foster parents.</p>	7
<p><a href="#">Staff Retention, Recruitment, and Training (17-111) September 2017</a></p> <p><a href="#">18-Month followup— July 2019</a></p> <p><i>Note: We have concluded our follow-up work on this report.</i></p>	<p><b>3.3 As the Department continues its efforts to improve its caseworker applicant assessment tools, it should revise or implement additional assessment tools that would help better assess applicants' observational skills and planning and organizing work skills. The Department should also consider whether there would be benefit in taking a similar approach in its assessment of program supervisor applicants.</b></p> <p>The Department revised its caseworker interview questions and written assessment in December 2017 to help assess applicant's key competencies, including observational skills and planning and organizing work skills. The Department is also developing a standardized recruitment process for program supervisors that includes completing mandatory training before an applicant can apply for a supervisor position, revising the interview process, and creating scenario-based questions related to competencies. The Department reported that it plans to finish developing the new process in calendar year 2019.</p>	6
	<p><b>4.2 Consistent with federal requirements, the Department should evaluate its tuition assistance program beyond monitoring participants' compliance with employment obligations for internal management purposes.</b></p> <p>The Department reported that it is working with Arizona State University (ASU) to develop a tuition-assistance-program study that would evaluate program effectiveness and track program graduate outcomes. The Department provided an outline of the proposed study but does not have an estimated date for conducting the study.</p>	6

**Table 6 continued**

Report title, Report number, Date issued, Last followup	Report recommendation number and status explanation	Approximate years outstanding as of August 1, 2023
Arizona Department of Child Safety—Staff Retention, Recruitment, and Training continued	<p><b>5.1 The Department should continue its efforts to address the issues it identified regarding the consistency and quality of support provided to caseworker trainees. It should also monitor and assess whether its efforts result in improved support for trainees and, if not, identify and take additional steps to improve trainee support, as needed.</b></p> <p>The Department has continued its efforts to address the consistency and quality of support provided to caseworker trainees. For example, the Department has developed and implemented activity guides that require trainees to complete specific tasks that include shadowing and discussing experiences with supervisors or seasoned caseworkers. In addition, the Department has developed processes for ensuring trainees complete required training and demonstrate proficiency in specific skills before being promoted to a full-time caseworker. The Department reported that, because of the recency of these efforts, it has not yet assessed whether its efforts have resulted in improved trainee support.</p>	6
	<p><b>5.2 The Department should carry out its plans to revise its core supervisor training. As part of this effort, the Department should (1) incorporate mentoring into the supervisor core training and (2) increase opportunities for supervisors to interact with one another.</b></p> <p>The Department has begun planning for the development of a new recruiting, onboarding, and training program for new supervisors. This program will include the use of supervision coaches, who will be responsible for providing ongoing support, training, and development to supervisors and program managers. According to the Department, it plans to start using supervision coaches during the first quarter of fiscal year 2020.</p>	6

Source: Auditor General staff review of Arizona Auditor General special audit reports of the Department issued from March 2016 through September 2021 and the most recent followups as of August 2023.



## Scope and methodology

The Arizona Auditor General has conducted this performance audit and sunset review of the Department pursuant to a December 17, 2020, resolution of the Joint Legislative Audit Committee. The audit was conducted as part of the sunset review process prescribed in A.R.S. §41-2951 et seq.

We used various methods to address the audit's objectives. These methods included reviewing applicable State statutes and rules, the Department's policies and procedures, Department operational and child welfare reports, and information from the Department's website; and interviewing Department staff.<sup>105</sup> In addition, we used the following specific methods to meet the audit objectives:

- To determine whether the Department has timely submitted court reports to the juvenile court, to assess the quality of information in these reports, and to determine whether the Department provides judges all necessary information about children placed in QRTPs, we reviewed the Arizona Rules of Procedure for the Juvenile Court, interviewed 28 juvenile court judges and commissioners between January 23, 2023 and April 6, 2023, and reviewed recommended practices.<sup>106,107</sup> Additionally, we reviewed a sample of 67 dependency review hearings held by the juvenile court in 5 Arizona counties in May 2023 and reviewed Department records, such as IT system logs and emails, to determine when the Department submitted court reports prior to these dependency review hearings.<sup>108</sup>
- To assess the Department's compliance with State conflict-of-interest law and alignment with recommended practices, we reviewed statute, ADOA requirements, recommended practices, and the Department's

<sup>105</sup> We reviewed various Department *Monthly Operational and Outcome Reports*, *Semi-Annual Benchmark Progress Reports*, and *Semi-Annual Child Welfare Reports*.

<sup>106</sup> We interviewed 28 of 54 judges and commissioners who heard dependency cases in Arizona as of January 2023, including at least 1 judge from each of Arizona's 15 counties. The judges and commissioners we interviewed included 12 of 31 judges and commissioners randomly selected and 2 judges judgmentally selected from Maricopa and Pima Counties, and 14 of 23 judges from the remaining counties, which were judgmentally selected.

<sup>107</sup> Children's Bureau. (2006). *Working with the courts in child protection*. Washington, DC: United States Department of Health and Human Services, Administration for Children and Families. Retrieved 8/21/2023 from <https://www.childwelfare.gov/pubPDFs/courts.pdf>.

<sup>108</sup> We first judgmentally selected a sample of 5 Arizona counties (Maricopa, Pima, Mohave, Navajo, and Yuma) among 15 to capture a balanced geographic distribution of counties throughout the State. Then, we collected a list of all upcoming dependency review hearings assigned to the judges and commissioners we previously interviewed from these 5 counties, which produced a population of 159 dependency review hearings. Because the 5 counties had an uneven distribution of dependency review hearings, we stratified the population into 3 groups. The first and second groups involved selecting and reviewing a random sample of 41 of 118 dependency review hearings in Maricopa County and 9 of 24 review hearings in Pima County scheduled between May 8, 2023 and May 12, 2023. The third group involved reviewing all the dependency review hearings, 17 in total, scheduled in Mohave, Navajo, and Yuma Counties between May 4, 2023 and May 22, 2023. This resulted in a total of 67 dependency review hearings sampled and reviewed among the 159 held in all 5 counties.

conflict-of-interest disclosure forms.<sup>109,110</sup> Additionally, we reviewed available conflict-of-interest disclosure forms for a sample of 30 of 2,672 Department employees who were hired before January 1, 2023, and still actively employed by the Department as of February 27, 2023.<sup>111</sup>

- To determine if the Department timely issued licenses to qualified applicants, we reviewed the applications for a stratified random sample of 29 of 1,568 adoption agency, child welfare agency, and foster home licenses the Department issued in calendar year 2022.<sup>112,113</sup>
- To assess the Department's processes for ensuring its contracted licensing agencies conduct foster home site visits, we evaluated the Department's quarterly review reports for 28 licensing agencies it completed during the first quarter of calendar year 2023 (January through March). Additionally, we obtained site visit reports for a stratified random sample of 8 of 69 foster homes the Department selected for its licensing agency reviews.<sup>114</sup>
- To evaluate the Department's compliance with AZDOHS' IT security requirements, we compared the Department's IT security policies, procedures, and practices to AZDOHS requirements. Specifically, we interviewed Department staff to obtain information about the Department's IT security practices in place as of June 2022 and reviewed the Department's June 2022 and June 2023 action plans intended to address the IT security risk areas we identified during our sunset review.
- To obtain additional information for the sunset factors, we reviewed the Department's prevention and treatment program/service manuals and other Department-provided information on caseworker staffing throughout the State. We also judgmentally selected 4 states and jurisdictions—Clark County, Nevada; Los Angeles County, California; New Mexico; and Utah—and contacted these jurisdictions' child welfare

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<sup>109</sup> Recommended practices we reviewed included: Organization for Economic Cooperation and Development (OECD). (2022). *Recommendation of the council on OECD guidelines for managing conflict of interest in the public service*. Paris, France. Retrieved 8/9/2023 from <https://legalinstruments.oecd.org/public/doc/130/130.en.pdf>; Ethics & Compliance Initiative (ECI). (2016). *Conflicts of interest: An ECI benchmarking group resource*. Arlington, VA. Retrieved 8/9/2023 from <https://www.ethics.org/wp-content/uploads/2021-ECI-WP-Conflicts-of-Interest-Defining-Preventing-Identifying-Addressing.pdf>; and Controller and Auditor General of New Zealand (2020). *Managing conflicts of interest: A guide for the public sector*. Wellington, New Zealand. Retrieved 8/9/2023 from <https://oag.parliament.nz/2020/conflicts/docs/conflicts-of-interest.pdf>.

<sup>110</sup> In response to conflict-of-interest noncompliance and violations investigated in the course of our work, we have recommended several practices and actions to various school districts, State agencies, and other public entities. Our recommendations are based on recommended practices for managing conflicts of interest in government and are designed to help ensure compliance with State conflict-of-interest requirements by reminding employees/public officers of the importance of complying with the State's conflict-of-interest laws. See, for example, Auditor General reports 21-402 *Higley Unified School District—Criminal indictment—Conspiracy, procurement fraud, fraudulent schemes, misuse of public monies, false return, and conflict of interest*, 19-105 *Arizona School Facilities Board—Building Renewal Grant fund*, and 17-405 *Pine-Strawberry Water Improvement District—Theft and misuse of public monies*.

<sup>111</sup> After removing 187 employees from the employee population we could not easily categorize based on their job title, we randomly sampled from the remaining 2,485 employees based on their job functions, stratified as follows: 10 of 1,920 employees with job functions directly related to carrying out the Department's mission to protect children, such as casework and child welfare investigations; and 10 of 565 employees with administrative or support roles, such as human resources and accounting. We also judgmentally selected an additional 10 employees with positions not already represented in our stratified random sample and/or that the Department reported should annually submit a conflict-of-interest disclosure, such as a contracts compliance officer and licensing coordinator.

<sup>112</sup> We reviewed applications for all 3 initial child welfare agency licenses issued in calendar year 2022 and the applications for a stratified random sample of other licenses issued in calendar year 2022, as follows: 3 of 16 renewal adoption agency licenses, 3 of 82 renewal child welfare agency licenses, 10 of 673 initial foster home licenses, and 10 of 794 renewal foster home licenses. The Department reported it did not issue any initial adoption agency licenses in calendar year 2022.

<sup>113</sup> Foster home licenses must be renewed every 2 years; however, we only sampled from the population of foster homes initially licensed or renewed during 1 year. Therefore, the population of foster homes from which we sampled is less than the total number of foster homes.

<sup>114</sup> We selected a random sample of 5 of 49 foster homes for which the licensing agency reported in the Department's licensing system that it had conducted all required site visits and reviewed site visit reports for all 5 of these foster homes; and we employed a stop-and-go method for 5 of 20 foster homes for which the licensing agency did not report in the Department's licensing system whether it had completed required site visits and reviewed site visit reports for 3 of these 5 foster homes.

agencies.<sup>115,116</sup> Specifically, we contacted representatives from these jurisdictions to evaluate the extent to which private companies administer child welfare services in these jurisdictions and to obtain information on the level of regulation exercised by these jurisdictions and the use of private contractors in the performance of their duties.

- To obtain information for the Introduction, we reviewed Department-provided information related to staffing, licensing, and the Department's DCS CHP contracts. We also analyzed unaudited information from the *AFIS Accounting Event Transaction File* for fiscal years 2021 and 2022, and fiscal year 2023, as of June 30, 2023, and the *State of Arizona Annual Financial Report* for fiscal years 2021 and 2022.
- To obtain information for Appendix A, we reviewed A.R.S. Title 8, Chapter 4, and the Arizona Rules of Procedure for the Juvenile Court, Part III, which outline requirements and time frames for juvenile court dependency proceedings and related hearings and reviews. We also reviewed federal law, Department-provided information, and information about dependency from AOC's website.
- To obtain information for Appendices B and C, we reviewed 13 special audits reports of the Department issued from October 2014 through September 2021 and the most recent followups as of August 2023.

Our work on internal controls included reviewing the Department's policies and procedures for ensuring compliance with statute, Department rules, juvenile court rules, contracts, and federal requirements, and where applicable, testing its compliance with these policies and procedures. Our internal control work included reviewing the following components of internal control: control environment, control activities, information and communication, and monitoring. We reported our conclusions on applicable internal controls, including information systems controls, in Findings 1 and 2, and Sunset Factors 2, 4, and 6.

We selected our audit samples to provide sufficient evidence to support our findings, conclusions, and recommendations. Unless otherwise noted, the results of our testing using these samples were not intended to be projected to the entire population.

We conducted this performance audit of the Department 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.

We express our appreciation to the Department Director and staff for their cooperation and assistance throughout the audit.

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<sup>115</sup> We judgmentally selected 4 western states and jurisdictions to represent different systems for administering child welfare services. Specifically, as of August 2017, according to the United States Department of Health and Human Services, New Mexico and Utah operate a state-administered child welfare model, California operates a county-administered model, and Nevada operates a hybrid state and county-administered model. Therefore, in addition to reviewing New Mexico and Utah, we reviewed the most populous counties in California and Nevada—Los Angeles and Clark Counties, respectively. See Child Welfare Information Gateway. (2018). *State vs. county administration of child welfare services*. Washington, DC: U.S. Department of Health and Human Services, Children's Bureau. Retrieved 1/13/2023 from <https://www.childwelfare.gov/pubPDFs/services.pdf>.

<sup>116</sup> We contacted staff from the Clark County (Nevada) Department of Family Services; Los Angeles County (California) Department of Children and Family Services; New Mexico Children, Youth and Families Department; and Utah Department of Health and Human Services, Division of Child and Family Services.

# DEPARTMENT RESPONSE



September 27, 2023

Lindsey Perry, CPA, CFE  
Auditor General  
Arizona Office of the Auditor General  
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Phoenix, Arizona 85018

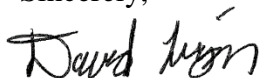
RE: Auditor General's report, *Arizona Department of Child Safety - Sunset Review*

Dear Ms. Perry:

The Arizona Department of Child Safety (Department) has reviewed the Auditor General's report, *Arizona Department of Child Safety - Sunset Review*. The Department is committed to ongoing improvement opportunities and will implement your recommendations. The responses to the findings and recommendations are enclosed.

The Department appreciates the diligence and collaboration of the Office of Auditor General staff during the Sunset Review process.

Sincerely,



David Lujan  
Cabinet Executive Officer/Executive Deputy Director

Enclosure: DCS Recommendation Response

**Finding 1:** Department has not consistently provided the juvenile court timely reports with quality information, resulting in delayed decisions about children’s placements and services

**Recommendation 1:** The Department should ensure that caseworkers submit court reports to the juvenile court 15 days prior to dependency review hearings as required by juvenile court rules (or as required by a revised time frame in juvenile court rules depending on the implementation of Recommendation 6).

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department agrees with the importance of submitting court reports for Report and Review and Permanency Hearings at least fifteen days prior to the hearing in accordance with *Chapter 7: Section 07 – Court Reports* policy and procedures. The Department will provide additional guidance regarding timely submission of court reports to field supervisors and Program Managers such as adding court report submission due dates to weekly huddle meetings, clinical supervision and 1:1 coaching with DCS Specialists

**Recommendation 2:** The Department should develop and implement policies and procedures for tracking upcoming dependency review hearings and court report submission dates, including procedures for ensuring caseworkers are aware of any upcoming review hearings and court report submission deadlines for their caseload and reviewing report submission tracking data to help identify causes for any untimely court report submissions and develop action plans to address these causes.

Department response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: It is critical for staff to be aware of upcoming review hearings to allow timely submission of court reports and for identifying causes for untimely court reports. The Department will standardize the process for tracking upcoming review hearings and court report submission deadlines and will revise standard work, as necessary. In addition to the actions described in Recommendation 1, the Department will partner with the Attorney General’s Office to assist in coordinating court calendars. The Department will also explore improvements in Guardian to assist with tracking and monitoring of upcoming review hearings and court report submissions. The Department previously identified root causes for late court report submissions including: high caseloads, frequent reassignment of cases due to attrition and time management. The Department will utilize the data collected to develop actions to address root causes. The Department will utilize tools and opportunities such as countermeasures, weekly huddles, unit meetings and 1:1 coaching to further address untimely court report submissions.

**Recommendation 3:** The Department should work with the juvenile court and other stakeholders to determine how the Department can improve the quality of information in its court reports for dependency review hearings.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department agrees with the importance of producing quality court reports that provide the critical information the court needs to make key decisions. The Department’s policy and court report template provides information required by statute,

administrative code and information aligned with the Safe AZ model. The Department will explore opportunities to review the template, as applicable, with the Attorney General's Office and other stakeholders.

**Recommendation 4:** The Department should revise its court report template, as necessary, based on the outcome of working with the juvenile court and other stakeholders, develop and implement written guidance to help caseworkers complete and supervisors review court reports for dependency review hearings based on the Department's revised template, and train caseworkers/supervisors to ensure they complete court reports based on this written guidance.

Department response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: The Department currently has written guidance, *DCS-2288 - Progress Report to the Juvenile Court – Instructions*, that describes in detail the information that should be documented in each area of the court report. Additionally, the Department requires supervisors to evaluate the DCS Specialist Trainees by completing the *Ongoing Skills Matrix* that includes demonstrating court report writing skills in accordance with *DCS 10-02 – DCS Specialist Training Learning Track* policy and procedures. If the court report template is revised, the written guidance will be revised accordingly. The Department will determine if training is necessary and provide the training, as appropriate

**Recommendation 5:** The Department should review provider reports uploaded to Guardian but not included in children's case files for the 596 open juvenile court cases and ensure this information is submitted to the juvenile court.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department understands timely disclosure of these documents is imperative. The Department has taken corrective action to address the documents uploaded to Guardian that were not approved in the electronic case file. The unapproved documents will be reviewed and disclosed to the court through the disclosure process.

**Recommendation 6:** The Department should work with AOC and juvenile court judges, as applicable, to determine if the 15-day requirement for submitting court reports is appropriate and, based on these conversations, work with the court to make any necessary modifications to juvenile court rules governing court report submission time frames.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department agrees to work with AOC and juvenile court judges to determine if the 15-day requirement for court submission is appropriate and best serves all interested parties. The Department will support legislative changes if recommendation to modify court report submission time frames is found to be appropriate.

**Finding 2:** Department did not comply with some State conflict-of-interest requirements, and its conflict-of-interest process was not fully aligned with recommended practices, increasing risk that employees had not disclosed substantial interests that might influence or could affect their official conduct

**Recommendation 7:** The Department should ensure that all its employees have a completed conflict-of-interest disclosure form that requires them to disclose secondary employment, whether they or their relatives have a substantial interest in any Department decision making, and attest that they do not have any potential conflicts, if applicable, also known as an “affirmative no”.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department agrees with the importance of avoiding employee conflict of interest and will ensure all its employees have a conflict-of-interest form completed. All newly hired Department employees are required to complete the electronic Disclosure Statement form. This form includes information about their current business interest, any secondary employment they are engaged in and details about any relatives who are employed by the State of Arizona.

**Recommendation 8:** The Department should develop and implement conflict-of-interest disclosure policies and procedures to help ensure compliance with State conflict-of-interest requirements and recommended practices, including:

**Recommendation 8a:** Requiring employees to complete a conflict-of-interest disclosure form upon hire and reminding them at least annually to update their form when their circumstances change, including attesting that no conflicts exist, if applicable.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department understands avoiding employee conflict of interest is imparative. All new employees of the Department are required to complete the Disclosure Statement form. This form includes information about their current Business Interest, any Secondary Employment they are engaged in and details about any relatives who are employed by the State of Arizona. The Department will communicate with all employees annually with instructions to complete a *DCS-1012A – Disclosure Statement Concerning Conflicts of Interest* form if there have been any changes in their circumstances. The Department will review its current policies and procedures to identify those that may need to be updated and develop any new policies and procedures, as necessary.

**Recommendation 8b:** Storing all substantial interest disclosures in a special file available for public inspection.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department understands the need of storing all substantial disclosures in a special file available for public inspection. All substantial interest disclosure forms are maintained in the employee’s personnel file. In addition to the employee’s personnel file, the Department recently created and been maintaining a dedicated file for the disclosure forms to be available for public inspection when requested. The Department will review its current policies and procedures to identify those that may need to be updated and create any new policies and procedures to ensure compliance with state conflict of interest requirements.

**Recommendation 8c:** Establishing a process to review and remediate disclosed conflicts.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department understands remediating disclosed conflicts is critical. The Department will review its current policies and procedures to identify those that may need to be updated and create any new policies and procedures to ensure compliance with state conflict of interest requirements, as necessary.

**Recommendation 9:** The Department should develop written guidance specifying which employees the Department expects to annually submit an updated conflict-of-interest disclosure form and ensure that these staff annually submit a disclosure form.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department acknowledges the importance of identifying employees it expects to submit an annual interest disclosure form. The Department will develop written guidance for compliance with state conflict of interest requirements by requiring submission of an updated conflict-of-interest disclosure form when employee circumstance have changes. The Department will ensure the annual collection of the *DCS-1012A – Disclosure Statement Concerning Conflicts of Interest* forms from all positions classified as being involved in contract governance and/or official decision making including the Director, Deputy Director of Field Operations, Deputy Director of Operations, Deputy Director of Administrative Services, the Assistant Director of Communications, Assistant Director of Child Welfare Investigations, the Assistant Director of Finance and all staff of the Office of Procurement and Contracts.

**Recommendation 10:** The Department should develop and provide periodic training on its conflict-of-interest requirements, process, and disclosure form, including providing training to employees on how the State's conflict-of-interest requirements relate to their unique programs, functions, or responsibilities.

Department response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: The Department will explore options to determine the best way to ensure staff are aware of conflict of interest requirements related to their unique programs, functions or job responsibilities.

**Sunset Factor 2:** The extent to which the Department has met its statutory objective and purpose and the efficiency with which it has operated.

**Recommendation 11:** The Department should review recommendations the Department has not implemented from previous Auditor General special audit reports, implement any recommendations, as identified, and provide explanations for any recommendations it does not plan to implement.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will review previous Auditor General special audit recommendations and may consider any items identified in those recommendations (partially or fully implemented) that are in alignment with the Department's Strategic Plan. There are many recommendations the Department previously explained that it would not implement such as the 15 recommendations for the Differential Response Report. Furthermore, there are multiple recommendations from the Permanency Practices audit that are replicated as recommendations in this Sunset Review Report and will not require any additional monitoring or tracking with this specific recommendation. The Department will document the reasons for not implementing any of these recommendations.

**Recommendation 12:** The Department should ensure it licenses only qualified adoption and child welfare agency applicants.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department agrees it should only license qualified applicants. The Department will ensure controls are in place to license qualified applicants.

**Recommendation 13:** The Department should develop and implement guidance for how Department staff should review and verify requirements in its adoption and child welfare agency license application review checklists, including but not limited to guidance for verifying fingerprint clearance card validity and applicants' staff's education and work history.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department recognizes the importance of ensuring all licensing requirements are met. Guidance will be developed and implemented for verification of information in the application review checklists.

**Recommendation 14:** The Department should license adoption agencies, child welfare agencies, and foster homes within the Department's required time frames.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department understands that licensing timeframes are critical. The Department will ensure controls are in place to license adoption agencies, child welfare agencies and foster homes within the Department's required timeframes.

**Recommendation 15:** The Department should develop and implement a method for tracking all active applications for adoption and child welfare agency licenses, including recording when Department staff accomplish key steps in application processing time frames.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will continue to develop and implement a method for tracking all active applications for adoption and child welfare agency licenses, including recording when Department staff accomplish key steps in application processing time frames.

**Recommendation 16:** The Department should revise its action plan for developing and implementing IT security policies and procedures to specify additional details and other information about risk areas outlined in the plan, including but not limited to:

- Staff responsible for addressing risk areas outlined in the plan.
- Actions steps assigned staff should take to address a risk area.
- Expected outcomes of action steps.
- Time frames for completing action steps.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department agrees developing IT security policies and procedures for the identified IT risk areas is a priority. The Department will review the current action plan for developing and implementing IT security policies and procedures and will revise the action plan to specify pertinent additional details, as necessary.

**Recommendation 17:** The Department should implement its revised action plan for developing and implementing IT security policies and procedures, and regularly review and update the action plan, as necessary, based on progress.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department agrees with the importance of ensuring its IT security policies and procedures are developed and implemented is important to monitor. The Department will continue implementing the action plan and will review and update the action plan, as necessary, based on progress.

**Recommendation 18:** The Department should develop and implement policies and procedures for tracking whether staff have provided a response to AOC on behalf of local boards indicating whether the Department accepted or disagreed with recommendations in local board findings and recommendations reports.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will explore tracking options for providing a response to AOC of the Department's acceptance or disagreement with local board findings and recommendations reports.

**Recommendation 19:** The Department should implement its corrective action plans to address DCS CHP performance issues that AHCCCS identified for the remaining 37 areas for improvement.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will continue its implementation of action plans to address the remaining performance areas and submit updates to AHCCCS by the identified deadline.

**Recommendation 20:** The Department should revise and implement its policies and procedures for overseeing licensing agencies' monitoring of licensed foster homes, including by:

**Recommendation 20a:** Improving its sampling methods to be more representative of the population of foster homes assigned to each of its contracted licensing agencies, including considering taking a risk-based sampling approach.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department acknowledges that a representative sample of the population of foster homes by agency is necessary. The Department will revise its procedures and include a representative sample specific to each agency.

**Recommendation 20b:** Reviewing site visit reports and following up to ensure that site visits are completed, as necessary.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will revise its procedures to ensure site visit reports are reviewed and follow up site visits occur as required.

**Recommendation 21:** The Department should implement its QRTP policies and procedures, conduct an assessment of whether the juvenile court is receiving timely and sufficient information as a result of these policies and procedures, and further revise these policies and procedures, as necessary.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department's Placement Administration's QRTP Unit staff will continue to follow the procedures outlined in the Standard Work for their part of the QRTP process. All newly hired staff for the QRTP Unit will receive training based on the QRTP Standard Work. The Department agrees with the importance of the juvenile court receiving timely and sufficient information. Although an assessment has not been completed, a requirement of the *Motion to Approve QRTP Placement* process is that a *QRTP Admission Worksheet* is included with the motion when filed with the courts. To date, the Department has not received feedback that these worksheets have been inadequate or are lacking the information needed to approve the QRTP placement. The Department will explore the possibility of completing an assessment to determine if the courts are receiving timely and sufficient information.



**Recommendation 22:** The Department should develop a written plan for addressing its contractor's recommendations for Guardian improvements.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department acknowledges the importance of addressing its contractor's recommendations for Guardian improvements. The Department has established a product roadmap which is the industry standard for software development.

**Recommendation 23:** The Department should develop and implement a written process for soliciting feedback from AOC about any issues with the accuracy and completeness of parents' and foster parents' address information it provides for local board reviews.

Department response: The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented.

Response explanation: The Department recognizes the integrity of the information provided including accurate and complete addresses is vitally necessary. The Department is hopeful that direct, remote access for AOC to Guardian will provide real time current address information for parents and foster parents.

**Sunset Factor 4:** The extent to which rules adopted by the Department are consistent with the legislative mandate.

**Recommendation 24:** The Department should adopt rules for the licensing and regulation of child placing and child welfare agencies.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will adopt rules for licensing and regulation of child placing and child welfare agencies upon approval by the Governor's Regulatory Review Council.

**Sunset Factor 6:** The extent to which the Department has been able to investigate and resolve complaints that are within its jurisdiction and the ability of the Department to timely investigate and resolve complaints within its jurisdiction.

**Recommendation 25:** The Department should further revise and implement its child welfare agency grievance policy and procedures, including by developing guidance for how staff should review grievances submitted by children in the care of child welfare agencies or by their parents. This guidance should include, at a minimum, the methodology for the random sampling and guidance for how to determine if the agency adequately addressed the grievances.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department agrees that reviewing grievances to determine if child welfare agencies took appropriate action is imperative. The Department will review its *DCS 15-53*

*Child Welfare Agency – Grievance* policy and procedures to identify necessary revisions and implement accordingly.

