State of Arizona
Office
of the
Auditor General

PERFORMANCE AUDIT

DEPARTMENT
OF
ECONOMIC SECURITY

DIVISION OF
DEVELOPMENTAL
DISABILITIES

Report to the Arizona Legislature
By Debra K. Davenport
Auditor General
November 2000
Report No. 00-19

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

November 2, 2000

Members of the Legislature

The Honorable Jane Dee Hull, Governor

Mr. John L. Clayton, Director
Department of Economic Security

Transmitted herewith is a report of the Auditor General, A Performance Audit of the Department of Economic Security's Division of Developmental Disabilities. This report is in response to a June 16, 1999, resolution of the Joint Legislative Audit Committee and was conducted in response to the requirements of Laws 1996, Chapter 290 §3. Additionally, the audit considered concerns raised by the Joint Legislative Developmental Disabilities Oversight Committee in a letter to the Auditor General dated February 24, 2000. I am also transmitting with this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.
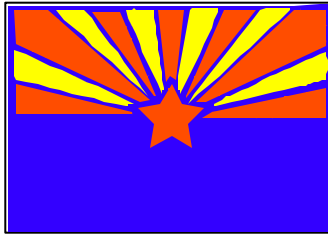
As outlined in its response, Department agrees with all of the findings and will implement all of the recommendations.

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

This report will be released to the public on November 3, 2000.
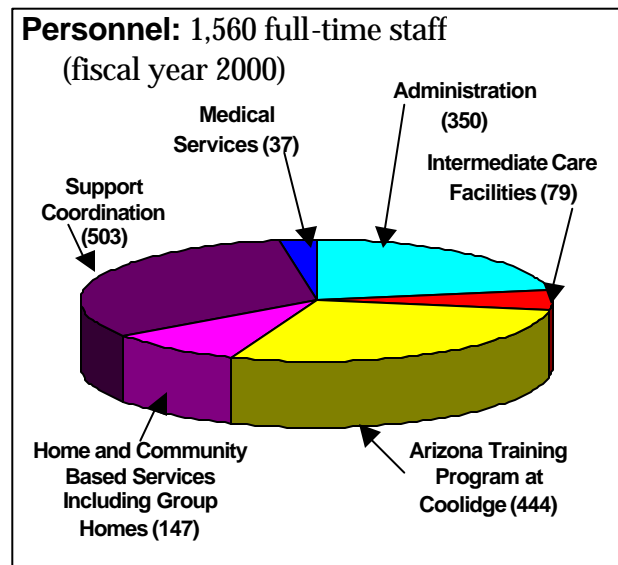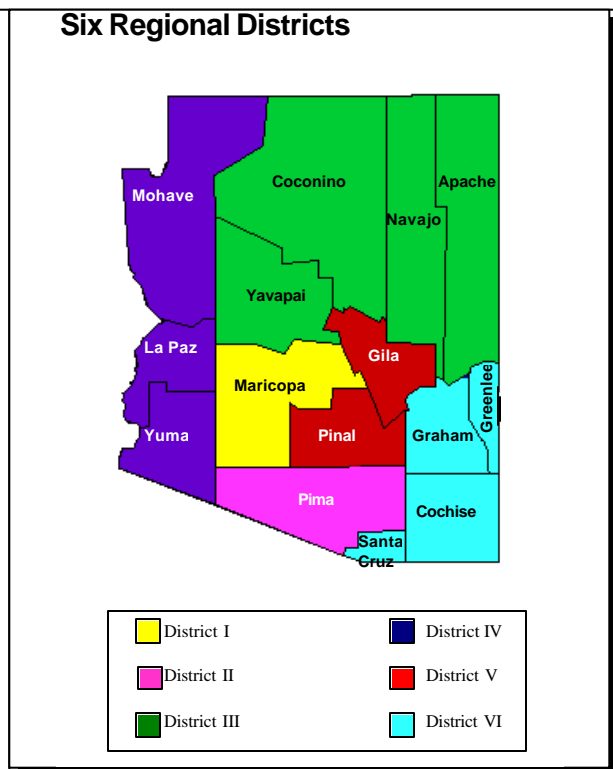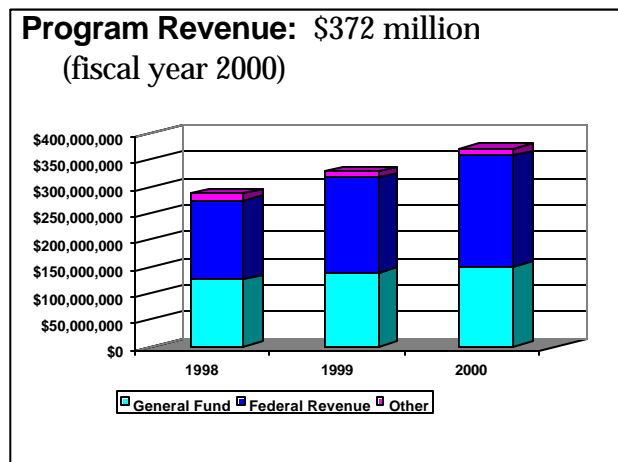
Sincerely,

Debbie Davenport
Auditor General

Department of Economic Security
Division of Developmental Disabilities

Services: The Division of Developmental Disabilities provides services and programs to approximately 18,000 clients. Services include: **1)** *Case Management*—support coordinators determine eligibility and help clients assess needs and obtain services; **2)** *Early Intervention for Children*—provides services such as therapies, day care, and assistive technology to approximately 3,000 children from birth to three years; **3)** *Home and Community Based Services*—promotes and enhances clients' ability to live with their families or independently by providing services such as room and board, personal care, homemaker, and respite; **4)** *Medical Services*—provides medical services to eligible children and adults through contracted health plans; **5)** *State Operated Facilities*—operates Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) and group homes.

Program Revenue: $372 million
(fiscal year 2000)

	1998	1999	2000

☐ General Fund ☐ Federal Revenue ☐ Other

Personnel: 1,560 full-time staff
(fiscal year 2000)

Medical Services (37)

Administration (350)

Support Coordination (503)

Intermediate Care Facilities (79)

Home and Community Based Services Including Group Homes (147)

Arizona Training Program at Coolidge (444)

Six Regional Districts

Mohave

Coconino

Apache

Navajo

Yavapai

La Paz

Gila

Maricopa

Greenlee

Yuma

Pinal

Graham

Pima

Cochise

Santa Cruz

District I		District IV
District II		District V
District III		District VI

Facilities: *46* satellite offices, *13* ICF/MR facilities, and *20* group homes. The Division operates the Arizona Training Program at Coolidge serving 168 clients. Seven of the Division's group homes are leased, at a cost of $90,065 in fiscal year 2000. The remaining ICFs/MR and group homes are owned by the Division.

Equipment: The Division owns several items which are primarily used by its ventilator-dependent clients, including:

- Vehicles with wheelchair lifts (5)
- Electric and battery-powered wheelchairs (17)
- Ventilators (18)
- Hospital beds (10)

Program Missions: (fiscal year 2000)

The Division has 4 programs which among them have 21 goals. The programs and their missions include: 1) **Administration**—develops, enhances, and supports environments that will enable clients to achieve and maintain their maximum potential; 2) **Case Management**—coordinates services and supports for clients and their families; 3) **Home and Community Based Services**—helps meet clients' needs in the least restrictive home- and community-based settings and promotes independence and inclusion in the community; and 4) **Institutional Services**—provides services to clients to maximize their functional capabilities and pursues home- and community-based placement whenever appropriate.

Adequacy of Goals and Performance Measures:

The Division has developed 91 performance measures, which include output efficiency and quality measures. However, the Division could improve its performance measures:

- Despite the large number of performance measures the Division uses, two important outcomes do not appear to be sufficiently addressed. *First*, there are no outcome measures addressing success in assisting clients to reach or maintain their maximum functional level. *Second*, although Arizona is recognized as a leader in placing clients in the least restrictive setting, the measures to not adequately address this information.

- The large number of measures used may detract from the measures' effectiveness.

SUMMARY

The Office of the Auditor General has conducted a performance audit of the Department of Economic Security's Division of Developmental Disabilities (Division) in response to a June 16, 1999, resolution of the Joint Legislative Audit Committee. This audit was conducted in response to the requirements of Laws 1996, Chapter 290 §3. Additionally, the audit considered concerns raised by the Joint Legislative Developmental Disabilities Oversight Committee in a letter to the Auditor General dated February 24, 2000.

The Division provides services to about 18,000 persons who have mental retardation, autism, cerebral palsy, and epilepsy, as well as to the families that care for them. These services include therapies, day care, respite, and other services and supports to help clients attain and keep a maximum functional level. The Division determines eligibility for services, develops plans for addressing client needs and monitoring outcomes, and contracts with agencies and individual providers for the provision of services. While most services are provided under contracts, Division staff also directly provide services in state-operated facilities, such as group homes.

Coordination Between the Division and CPS Can Be Improved (See pages 13 through 19)

The Division and CPS need updated transfer policies and cross-training.

The Division can better coordinate its efforts with Child Protective Services (CPS) in serving foster care children who have developmental disabilities. In June 2000, the Division and CPS shared responsibility for 524 such children. The two staffs each have their own responsibilities: CPS staff conduct abuse and neglect investigations and work with the courts, while Division staff assess service needs for children with developmental disabilities and locate service providers. However, the Division and CPS do not have up-to-date policies on sharing and transferring

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cases, resulting in delays in obtaining services. Further, staff in the two units do not receive comprehensive cross-training to enable them to better understand—or, if needed, carry out—the other's duties and ensure children receive services promptly.

The need for better coordination is heightened by a recent state law requiring more timely services for abused, neglected, and abandoned children, and by an increasing number of such children in foster care. To improve services to these clients, the Department of Economic Security (DES) could transfer some CPS case managers to the Division's existing foster care unit and provide cross-training to the unit's staff.

Inadequate Information Systems Hamper Efforts to Meet Clients' Needs and Manage Business Operations (See pages 21 through 27)

The Division's main information system, ASSISTS, cannot provide key information.

The Division's current information systems do not meet its needs. For example, the Division's main information system, ASSISTS, does not capture key client information, cannot be used to manage the client waiting list for services, and cannot provide up-to-date reports to help support coordinators authorize services. Even the limited information already contained on ASSISTS is not available to many staff, because they do not have adequate computer equipment to access it.

The systems also provide limited help in coordinating the Department's various business functions, such as licensing providers, authorizing services, and bill payments. As a result, the systems cannot generate critical decision-making information for Division managers or the Legislature. In 1995, consultants determined that ASSISTS could not be sufficiently upgraded due to numerous deficiencies and estimated that replacing the system would cost $25 million. However, the Division has not yet prepared replacement proposals in sufficient detail for legislative review. To address this critical need, the Division and DES need to work with the State's Government Information Technology Agency in building a better and fuller justification for the project.

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The Division Does Not Adequately Maintain and Manage Its Waiting List (See pages 29 through 34)

The waiting list contains incomplete and unreliable information.

One specific management system issue that needs to be addressed is the list of clients waiting for services, which does not contain complete or reliable information. For example, when the Division recently attempted to measure the service needs for children who were eligible for state-funded services, it could document only 75 percent of the children on the official waiting list as waiting for services. The waiting list also lacks accurate information on how long clients wait for services, in part because the ASSISTS system cannot capture historical data. Due to these problems, Division managers cannot effectively ensure that clients receive services as soon as possible, determine whether the highest priority needs are met first, or tell the Legislature how much money would be needed to meet clients' needs.

Division managers acknowledge the list's deficiencies. They stated that some clients are not included because the clients become discouraged with the wait and ask to have their names removed. In other cases, errors or omissions occur because staff are not adequately trained. However, because waiting list problems significantly affect clients, the Division needs to improve the accuracy and reliability of the information on the list. The Division should revise its policies, improve training, and establish an alternative procedure for tracking service needs until ASSISTS can be replaced.

The Division Needs to Further Improve Its Management of Unusual Incident Reports (See pages 35 through 40)

The Division can further improve its management of Unusual Incident Reports (UIRs), which record incidents of client abuse and neglect. The Division has taken steps to improve the UIR system since a 1993 Auditor General's report (Report No. 93-2), which identified several problems. The Division has established UIR Quality Assurance units in three of the Division's largest

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districts, improved reporting procedures, developed a database to track UIRs, and established program monitors who receive special investigative training.

Central Office provides poor oversight of system for reporting client abuse and neglect.

Despite these improvements, management problems remain. Central Office still provides poor oversight and duplicates districts' decisions on whether to investigate incidents. Under-staffing at Central Office, combined with numerous UIRs, continues to hinder timely entry of UIR data. As a result, the Central Office has a long-standing data entry backlog, which has delayed follow up on client incidents until it was too late for meaningful action. Although the Division has designed a pilot project that streamlines UIR practices and eliminates Central Office duplication, the Division needs to do more, such as eliminating the UIR backlog and ensuring district staff are properly trained on the new process.

The Division Has Improved Its Contract Management Practices (See pages 41 through 44)

The Division has significantly improved its contract management. Previous audits found several problems with the Division's contracting practices, including failure to comply with procurement code requirements, overuse of consultant contracts, and a lack of Central Office oversight over district contracting practices. Although the current audit found no indication of these past problems, one recent Request for Proposals (RFP) lacked clear language and resulted in a contract challenge. To help avoid similar problems in the future, the Division plans to hire a consultant to review its procedures. Since Division contracts represented approximately 78 percent or $255 million in fiscal year 1999, the Division should continue its efforts to improve contracting practices.

Other Pertinent Information
(See pages 45 through 49)

Service needs will expand in the future.

During the audit, other pertinent information was collected on the future expansion of service needs and the Division's efforts to implement a legislatively mandated Fair and Equitable Rate Structure. First, service needs for Arizonans with developmental disabilities will expand. The Division does not know the full extent of service needs, since many potential clients do not request or receive its services. However, the number of clients needing services will expand as older parents can no longer care for their adult children with developmental disabilities. In addition, if Arizona adopts the more liberal federal definition of eligibility based on functional limitations, approximately 10,685 individuals would qualify for services at an additional cost of $95 million annually.

The Division is finally making progress on Fair and Equitable Rates.

Second, the Division is finally making progress in implementing a Fair and Equitable Rate Structure. Such a rate structure will establish statewide uniform contract rates paid for services provided to clients. Legislation adopted in 1994 mandated that the Division implement a "rate structure that ensures an equitable funding basis." Subsequent legislation in 1998 and 1999 provided a new implementation date of December 31, 1999, and required a field test of provider rates. The Division and its Design Team have completed a review of current rates and the proposed rates for its pilot project. By February 2001, the Division anticipates beginning the rate structure pilot test, with providers selected under a Request for Proposal.

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INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a performance audit of the Arizona Department of Economic Security, Division of Developmental Disabilities pursuant to a June 16, 1999, resolution of the Joint Legislative Audit Committee. This audit was conducted in response to the requirements of Laws 1996, Chapter 290 §3. In addition, the audit reviewed concerns raised in a February 24, 2000, letter from the Joint Legislative Developmental Disabilities Oversight Committee. These concerns included the Division's coordination with Child Protective Services regarding foster care children with developmental disabilities and the Division's information systems.

Division Serves Approximately 18,000 Clients with Developmental Disabilities

The Division serves 18,000 adults and children who meet eligibility criteria.

The Arizona Department of Economic Security, Division of Developmental Disabilities provides services and programs to individuals with developmental disabilities and their families. Approximately 18,000 persons with developmental disabilities are currently receiving services through the Division. Although there are no income requirements for clients served with state-only funds, potential clients must meet the statutory definition of developmental disability, through assessments of mental and physical impairments and functional limitations, to be eligible for services. A.R.S. §36-551 defines developmental disability as a severe, chronic disability of a person that:

■ is attributable to mental or physical impairment such as mental retardation, cerebral palsy, epilepsy, or autism.

■ is manifested before age 18.

■ is likely to continue indefinitely.

- results in substantial functional limitations in three or more of the following major life areas: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency.

- reflects the need for a combination and sequence of special services that are lifelong or of extended duration.

Children and adults who are eligible for services through the Division may also be eligible for services through the Arizona Long Term Care System (ALTCS). The Arizona Health Care Cost Containment System, as the designated Medicaid agency, administers the ALTCS program with a combination of state and federal monies. Division clients may be eligible for ALTCS services if they are determined to be at immediate risk of institutionalization, and meet income, asset, medical, and the aforementioned eligibility qualifications. ALTCS clients are entitled to both acute care (medical) services and medically necessary home- and community-based services. Approximately 11,000 (60 percent) of the Division's 18,000 clients are eligible for ALTCS.

Division Provides Diverse Services to Clients in Varied Settings

To accomplish its mission, the Division directly provides case management, institutional care, and some group home care, and also contracts with individuals and agencies for the provision of other services. Services are provided to eligible individuals based on the person's needs, state and/or federal guidelines, and available funding. Services help clients attain and keep a maximum functional level through training, socialization, therapies, and habilitation. Examples of other services provided include:

> Division philosophy focuses on providing services to meet an individual's needs at home or in other community-based settings, rather than in institutions.

- **Case management services**—Clients receive help from a support coordinator in determining eligibility, assessing needs, and obtaining services and supports.

■ **Early intervention for children**—Children from birth to three years of age who have a developmental delay and who are eligible for services through the Division may also be eligible for services through the federally-funded Arizona Early Intervention Program and through ALTCS. Approximately 3,000 children with developmental disabilities receive early intervention services, such as therapies, day care, and assistive technology.[1]

■ **Daily living assistance**—Services to assist clients and their families with daily living, such as room and board, attendant care, housekeeping, and respite.

The Division's clients represent a broad spectrum of ages and varying living situations. (See Figure 1, page 4 for clients by age, and Figure 2, page 4 for client living arrangements.)

Self-Determination Initiative

In keeping with statutory direction and nationwide initiatives, the Division is continuing to implement changes that will increase clients' and families' control over their lives. In 1995, the Division formed a Design Team comprised of clients, family members, Division staff, providers, and stakeholders. The Design Team promotes self-determination to give clients and families more authority and choice in Arizona's developmental disabilities system. The Self-Determination Model, when fully

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[1] Once children reach three years of age, they receive services from the Arizona Department of Education (ADE). For example, ADE provides screening and referral services, counseling, and speech and occupational therapies. The Division will continue to provide DDD-eligible children with services ADE cannot provide. ADE services continue until the child's 22nd birthday.

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Figure 1

**Department of Economic Security
Division of Developmental Disabilities
Clients by Age
As of May 31, 2000**
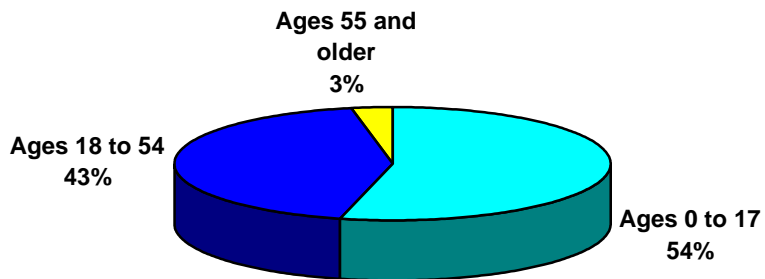
Source: Division of Developmental Disabilities Management Report, as of May 31, 2000.

Figure 2

**Department of Economic Security
Division of Developmental Disabilities
Clients by Residence
As of July 31, 2000**
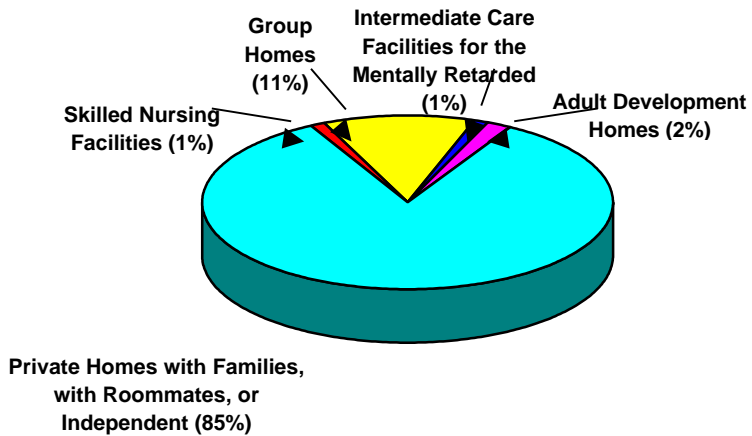
Source: Division of Developmental Disabilities Management Report, as of July 31, 2000.

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implemented, will include individual client budgets based on need, client choice over budgetary spending and which services are most needed, the ability to change services and providers easily, and the ability to choose a support coordinator or have family members serve as the support coordinator. The Division hopes to have the model fully implemented in 2001.

Division Budget, Organization, and Personnel

The Division is funded through state appropriations, federal Medicaid Title XIX monies from the ALTCS program, charges for services, and other revenues. In fiscal year 2000, the Division expects to receive a total of $372 million. Fifty-six percent came from federal funds (including ALTCS pass-throughs) and 40 percent came from state funds. (See Table 1, page 6.) The Division's contracts for budget fiscal year 1999 accounted for approximately $255 million, or 78 percent, of Division expenditures.

An assistant director oversees the Division which is comprised of six regional districts (see Figure 3, page 7), approximately 46 satellite offices, and the Central Office located in Phoenix. Each regional district has a district program manager, area program managers, support coordinators (case managers), and various other program and operations staff. In order to better serve the large client population in District I (Maricopa County), the Division's Assistant Director has submitted a plan to DES that will divide District I into three subregions—Central, East, and West.

The Central Office provides for administration, business operations, program functions (ALTCS Title XIX and state-funded programs), and managed care operations. Most services are provided by contractors and are coordinated through the Division's district staff. However, approximately 266 clients receive services provided directly by Division staff in state-operated facilities, such as group homes and Intermediate Care Facilities for the Mentally Retarded. The Division has a total of 1,560 full-time equivalent positions (FTEs), organized into the following six sections:

Table 1

**Arizona Department of Economic Security
Division of Developmental Disabilities
Statement of Revenues and Expenditures [1]
Years Ended June 30, 1998, 1999, and 2000
(Unaudited)**

	1998 (Actual)	1999 (Actual)	2000 (Estimated)
Revenues:			
ALTCS:			
Capitated - [2]			
Enrollees	$144,345,137	$170,678,480	$201,505,100
Ventilator dependent	2,394,930	2,624,199	2,668,332
Fee for service and reinsurance claims	197,606	1,086,003	822,969
State General Fund appropriations:			
Division of Developmental Disabilities:			
Developmental disabilities	36,844,792	43,162,859	44,065,700
Long-term care state match	84,006,600	91,128,798	102,282,700
General administrative activities [3]	4,240,762	4,582,442	4,486,613
Charges for services	9,120,081	9,075,175	9,374,478
Federal grants	1,905,228	3,361,175	2,121,766
Other [4]	3,193,903	3,852,600	5,025,573
Total revenues	286,249,039	329,551,731 [5]	372,353,231
Expenditures:			
Administration	24,451,951	25,831,053	27,051,261
Case management	13,323,017	16,269,606	17,999,454
Home- and community-based services	188,655,726	210,001,241	238,799,859
Institutional care services	8,896,965	10,529,965	11,369,893
Medical services (acute care)	30,446,318	34,958,501	42,020,456
Arizona training program at Coolidge	15,133,871	15,950,394	15,563,107
Arizona training program at Tucson	4,892		
State-funded long-term care services [6]		14,731,784	16,330,204
Total expenditures	280,912,740	328,272,544	369,134,234
Reversions to the State General Fund [7]	2,397,420	2,388,000	
Total expenditures and reversions to the State General Fund	283,310,160	330,660,544 [8]	369,134,234
Excess of revenues over (under) expenditures and reversions to the State General Fund	$ 2,938,879 [9]	$ (1,108,813)[5,8]	$ 3,218,997

[1] This statement is presented on a budgetary basis.

[2] Capitated revenues are the contract payments from the Arizona Health Care Cost Containment System (AHCCCS) for providing health care services to eligible enrollees of the AHCCCS Arizona Long Term Care System program for the developmentally disabled (ALTCS). State matching monies are reported separately.

[3] The Department allocates support service costs to its various divisions. The State's share of the support service costs allocated to the Division was funded by the Department's State General Fund appropriation for general administrative activities and is reported as revenue in this statement. The Division's total allocated support service costs were $8,422,930; $9,194,901; and $9,812,568; for 1998, 1999, and estimated for 2000, respectively.

[4] Consists primarily of Targeted Case Management program, Long-Term Care Client Trust, and interest revenues.

[5] Excludes proceeds of $4,261,615 from the Phoenix Arizona Training Program land sale. These monies are not available for the general operations. According to Arizona Revised Statutes §36-572, these monies may be spent only with the approval of the Developmentally Disabled Advisory Council for client services provided by the Department to the developmentally disabled and to extend services to developmentally disabled persons not presently served.

[6] The State pays for long-term care program client services that are not reimbursable through AHCCCS. Before 1999, the Legislature appropriated monies for these services in the home- and community-based services special line item. In 1999, the Legislature began using the state-funded long-term care services special line item.

[7] Includes Division-estimated reversions to the State General Fund. Since lapsing appropriations are not closed until two years after the end of the fiscal year, total actual reversions were not available at the time of this report. Actual 1998 reversions as of February 29, 2000, were $1,907,886.

[8] Does not include ALTCS program medical and health care claims that were incurred, but not reported. The Department estimates that these claims are approximately $2,257,600 as of February 29, 2000. The Legislature authorized the Department to spend up to $2,374,400 of its 2000 appropriation to pay outstanding 1999 claims.

[9] Includes $2,374,800 of a $4,474,800 supplemental appropriation authorized in Laws 1998 that was unexpended. The appropriation is restricted and any reversion to the State General Fund is subject to approval by AHCCCS.

Source: The *State of Arizona Appropriations Report* and various reports of the Arizona Department of Economic Security Financial Management Control System for the years ended June 30, 1998 and 1999; and Division estimates as of February 29, 2000, of financial activity for the year ended June 30, 2000 (actual amounts not available at the time of this report).

Figure 3

**Department of Economic Security
Division of Developmental Disabilities
Six Regional Districts
As of July 1, 2000**

	District I		District IV
	District II		District V
	District III		District VI
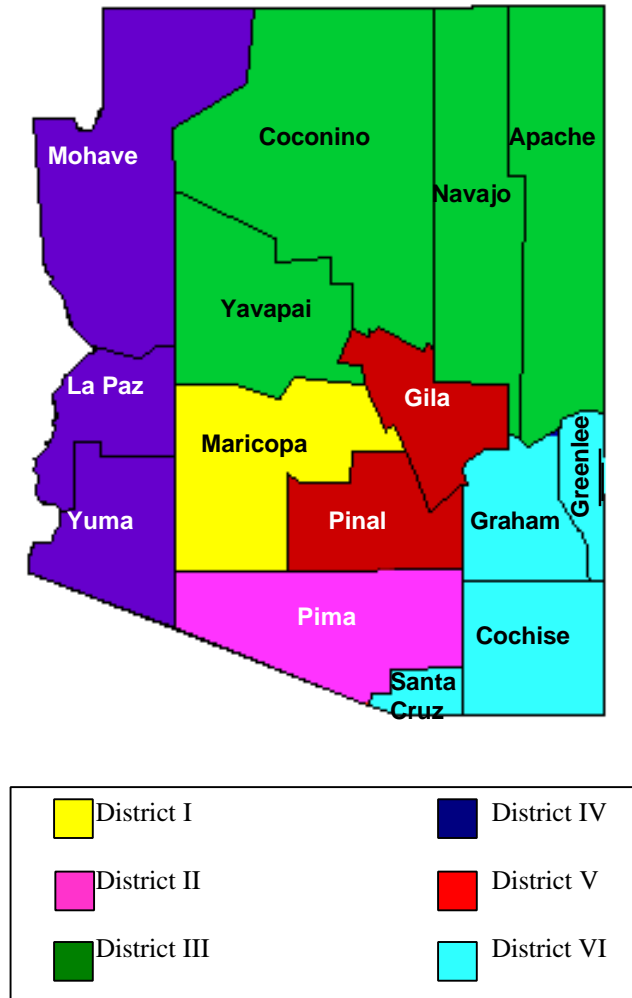
Source: Division of Developmental Disabilities.

- **Administration (350 FTEs)**—Administration is responsible for overseeing the Division's programs, staff, and business operations, both at the Central Office and in each of the six regional districts. Central Office administration directs ALTCS Title XIX and state-funded programs and manages

compliance with federal funding and program require-ments. Other administrative functions include: Office of the Medical Director, children's services coordination, developmental home licensing and monitoring, provider certification, program monitoring, Management Information Systems, personnel, and contracting. District administration also handles therapy services, home-based services, support coordination supervision, and business operations.

■ **Support Coordination (503 FTEs)**—Support coordinators help individuals and their families determine eligibility for services, assess needs, develop an Individual Support Plan, and obtain services and supports. Support coordinators are also responsible for placing clients on the Division's waiting list for services.

■ **Home and Community Based Services (147 FTEs)**—Home and Community Based Services help children and adults receive services that promote and enhance their ability to live alone, with their family, or with others. Services include physical, speech, and occupational therapies; day treatment and training; habilitation; respite; and non-emergency transportation. Services are provided by con-tracted service providers at private facilities or by 147 state staff at 20 state-operated group homes, which are community residential facilities for up to six residents that provide room, board, personal care, supervision, and habilitation.

■ **Medical Services (37 FTEs)**—Medical services are pro-vided to ALTCS-eligible children and adults to help them maintain their health through contracted health plans. This section also coordinates behavioral health services through the Department of Health Services' Regional Behavioral Health Authorities (RBHAs).

■ **Intermediate Care Facilities (79 FTEs)**—The Division op-erates 13 Intermediate Care Facilities for the Mentally Re-tarded (ICFs/MR) that provide health and rehabilitative services above the supervisory or personal care and the room-and-board levels of service, but are less intensive than skilled nursing facilities. Institutional placements, such as these, account for approximately 2 percent of the Division's clients.

Photo 1: State-operated group home.

■ **Arizona Training Program at Coolidge (444 FTEs)**—The Arizona Training Program at Coolidge (ATP-C) is the only state-run institution for individuals with developmental disabilities in Arizona and serves approximately 168 clients.

Photo 2: Arizona Training Program at Coolidge.

Photo 3: Client room at Coolidge.
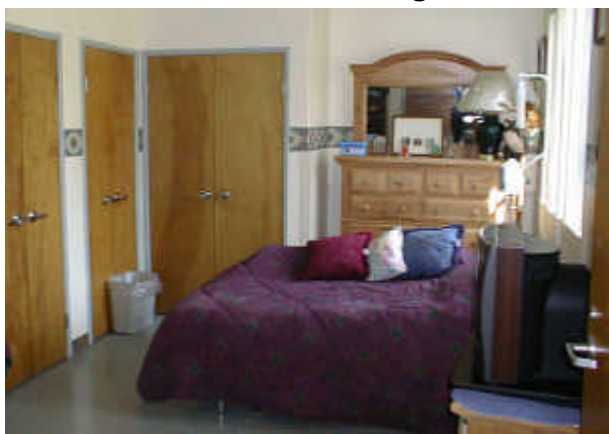
Audit Scope and Methodology

A combination of methods was used to study issues addressed in this audit. Auditor General staff obtained an understanding of Arizona's developmental disabilities system from key stakeholders. For example, Auditor General staff interviewed key Division management and staff, located at the Central Office and in each of the six districts. In addition, staff interviewed representatives of the Developmental Disabilities Advisory Committee and the Governor's Council on Developmental Disabilities. Auditors also interviewed representatives from four other states.[1]

In addition to these interviews, auditors conducted the following activities:

■ To assess the Division's interaction with Child Protective Services, auditors interviewed 7 CPS case managers and 17 Division support coordinators regarding their interaction, training issues, and improvements needed to ensure children receive appropriate services. In addition, auditors reviewed training materials for both Division support coordinators and CPS case managers, including training modules for case managers who handle foster care children's cases. Auditors also attended a Division training session.

■ To assess the Division's information systems, staff examined the Division's ASSISTS system, including districts' computer equipment and resources, training, and computer-related user documents. A 1995 consultant study, which assessed the Division's need to upgrade its information systems, was also reviewed. Further, auditors interviewed a representative of GITA regarding the Division's information systems.

■ To assess the Division's management of its client waiting list for services, auditors reviewed the waiting list portion of the

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[1]   Other states contacted during the audit include Colorado and Utah, for their proximity and similarity to Arizona's system; and Pennsylvania and Ohio, which are recognized as leaders in state developmental disabilities systems.

Division's management reports for November 1999 and February and March 2000.

■ To assess the Division's system to record client abuse and neglect through Unusual Incident Reports (UIRs), auditors validated original paperwork for 50 of these reports that the regional 6 districts submitted to the Central Office against data contained on the Central Office's database for the same UIRs.

■ To assess the Division's contracting practices and compliance with the Procurement Code, auditors reviewed 650 contracts and 20 Individual Service Agreements (ISAs), interviewed representatives from the State Procurement Office (SPO) regarding the Division's contracting practices, and reviewed all 26 contracts the Division referred to SPO during the last three fiscal years.

This audit contains findings and recommendations in five areas:

■ The need for better coordination between caseworkers at the Division and Child Protective Services regarding foster care children who become involved with both agencies;

■ The need to replace the Division's information systems;

■ The need to better track clients waiting for services;

■ The need to continue making improvement in the Division's system for reporting, tracking, and analyzing trends in client abuse and neglect through the Division's Unusual Incident Reports (UIRs);

■ The need for further improvements in Division contracting practices.

An Other Pertinent Information section also provides information on potential increases in clients who will need services in the future and an update on the Division's efforts to implement a legislatively mandated Fair and Equitable Rate Structure.

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This audit was conducted in accordance with government auditing standards.

The Auditor General and staff express appreciation to the Director of DES, the Assistant Director of the Division of Developmental Disabilities, Division staff, advocacy groups, and service providers for their cooperation and assistance throughout the audit.

FINDING I

COORDINATION BETWEEN THE DIVISION AND CPS CAN BE IMPROVED

The Division of Developmental Disabilities and Child Protective Services (CPS) need to better coordinate their work so that foster care clients served jointly can receive proper services in a timely manner. The importance of such coordination has been heightened by recent state law requiring more timely services for abused, neglected, and abandoned children, and by an increasing number of foster care children. However, outdated or unclear policies have created confusion and disagreement in the sharing and transferring of children served by the two divisions. In addition, neither division provides enough cross-training to enable workers to understand each other's roles. The Division and CPS must clarify their transfer policy and should also consider jointly staffing a specialized unit for handling mutual clients.

Responsibilities of CPS and the Division

Two DES divisions are responsible for meeting the needs of children with developmental disabilities who are in foster care. Child Protective Services (CPS), within the Division of Children, Youth, and Families, handles reports of abused or neglected children, and places children in foster care when necessary. CPS investigates the reports and files dependency petitions with the court as needed, as well as providing family services to enable the child to eventually live safely at home. Many children involved with CPS have special needs, including developmental disabilities. The Division of Developmental Disabilities (Division) provides services to these children if they meet eligibility criteria. As of June 30, 2000, CPS and the Division shared 524 foster care cases, over half (280) of whom resided in Maricopa County.

When a court has awarded DES custody of a child with a developmental disability, either CPS or the Division may have primary responsibility for case management, which includes working to reunite the family or find a permanent placement for the child. Due to the high number of such cases in Maricopa County, the Division has established a specialized foster care case management unit in Phoenix to provide services for these children. The unit provides case management and other needed services, and assumes all legal responsibility until a permanent placement is identified.
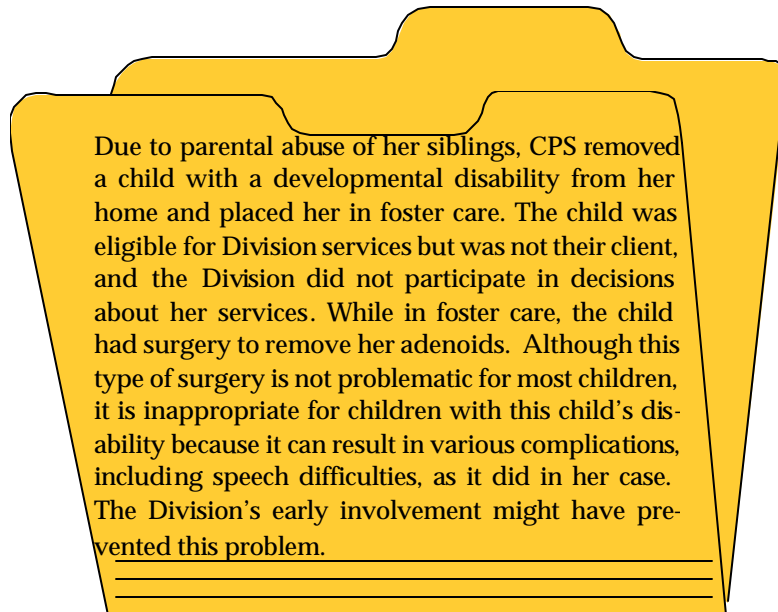
> In June 2000, CPS had guardianship of 259 foster care children with developmental disabilities, while the Division had guardianship of 265.

Coordination Between the Division and CPS Is Important

The Division and CPS must coordinate their efforts to ensure children receive appropriate services in a timely manner. Case management for foster care children with developmental disabilities requires arranging for a combination of services, some related to developmental disabilities and others related to court cases and family reunification efforts. The 1997 Model Court Project legislation and its rigorous timelines make effective coordination even more critical. The two DES divisions need to work together to provide timely services.

Case management requires two kinds of expertise—Case management is complicated for children with different types of needs, and calls for the specialized expertise of both DES divisions. CPS staff regularly handle reports of abuse and neglect, conduct investigations, and work with the courts; while Division staff identify eligible individuals, assess service needs, and provide or procure services. However, in these complex cases, the CPS caseworker must recognize the developmental delay and seek appropriate services, while the Division support coordinator must work with the legal system and the separated family. Further, case management staff at both DES divisions must learn the protocol for transferring cases between CPS and the Division.

The following case illustrates the importance of involving the most expert division when children have specialized needs:

> Due to parental abuse of her siblings, CPS removed a child with a developmental disability from her home and placed her in foster care. The child was eligible for Division services but was not their client, and the Division did not participate in decisions about her services. While in foster care, the child had surgery to remove her adenoids. Although this type of surgery is not problematic for most children, it is inappropriate for children with this child's disability because it can result in various complications, including speech difficulties, as it did in her case. The Division's early involvement might have prevented this problem.

Early intervention services can reduce or eliminate the effects of developmental disabilities.

Timeliness important for both CPS- and Division-related needs—Recent Model Court legislation requires more timely services for abused, neglected, and abandoned children, making effective coordination even more important. The Model Court Project is a national movement to expedite juvenile dependency cases, reduce the time children spend in foster care, and more quickly establish a permanent plan. It requires courts to hold a conference and a preliminary protective hearing within five to seven days after a child is removed from the home. During these meetings, interested parties meet to discuss the child's case plan, visits, services, and placement, if necessary. This process leads to quicker resolution of family reunification plans, severance, and adoption, but places more pressure on CPS and Division workers to quickly identify services.

Even without the Model Court requirements, timeliness is a critical service delivery element for children with developmental disabilities. According to literature, early intervention services can reduce or eliminate the effects of developmental disabilities. For example, one child, who was born prematurely and had numerous physical problems, no longer needs Division services after receiving therapy through an early intervention program.

Children involved with CPS who meet the Division's eligibility requirements should also receive prompt services. However, this does not always occur. For example, one 7-year-old-child was removed from her home by CPS and did not receive services from the Division for the almost seven months she spent in a shelter care facility. The child has since been returned home to her relatives and now receives services from the Division.

DES Should Improve Policies and Provide More Cross Training

Updated policies and integrated training are needed to better serve children. DES policies regarding transferring cases between the divisions need to be clarified and updated. In addition, since CPS and Division case management staff have different qualifications and receive different, specialized training, staff should receive additional cross training in order to better serve children who are involved with both divisions.

Outdated policies and differences in training and resources hinder effective coordination.

Undefined and outdated policies lead to disputes—Many disagreements arise due to poorly defined and outdated transfer policies. Currently, DES policy requires CPS to handle foster care cases until the court determines the children are dependents of the State, at which time the Division assumes responsibility for children who meet its eligibility criteria. This policy was developed informally, after many years of disputes between the two divisions. However, it lacks sufficient detail regarding roles, responsibilities, and exceptions; thus, disputes continue to occur. CPS can attempt to transfer cases prior to the court finding, and the Division may accept or reject them. The policy has not been updated to reflect the new Model Court timelines, which speed up the court determination date. Further, it does not address coordination of cases prior to the dependency determination. Finally, the policy does not provide adequate guidance to CPS for cases where children have special needs but do not meet the Division's eligibility requirements, resulting in some frustrated attempts to transfer children.

Differing staff resources, training affect coordination—While CPS and Division staff have similar overall responsibilities, in that they use a family-centered approach to serve children and their families, the divisions have different educational require-

ments and provide different training for case management workers. CPS classifies its employees as child protection specialists, a position that requires a bachelor's degree. Division support coordinators are classified as human service specialists, a position that does not require a college degree. Further, CPS caseworkers perform several specialized functions not required of Division support coordinators, including working in the court system and working to reunite separated families. In addition, Division support coordinators may have limited access to ASSISTS, their internal computer system, and no access to the CHILDS computer system used by CPS caseworkers, as noted in Finding II (see pages 21 through 27).

Additionally, the Division and CPS each have training that suits their own needs, but neither division's staff are fully cross-trained to carry out their counterpart's duties. CPS uses a national training model, endorsed by the Child Welfare League of America and used by 29 other states. The model provides 18 days of core training, and includes some references to developmental delays, but does not provide specialized training regarding children with developmental disabilities. Similarly, Division support coordinators receive specialized training that focuses on obtaining services for children with developmental disabilities and their families, but most do not receive extensive training regarding the legal system and family reunification.

DES does not provide sufficient cross training to enable Division and CPS workers to understand each other's roles and effectively serve their mutual clients. DES has begun some cross-training for certain Division support coordinators. A Training Officer provides initial child welfare core training, with an emphasis on the Division's issues, to Division support coordinators who provide case management to children in foster care. While this 3-year-old specialized training has helped educate some Division workers, participants would like to receive more hands-on training, such as writing court reports. In addition, DES does not have a similar program for CPS caseworkers, who readily admit that they need to learn more about the Division and eligibility requirements.

The limitations in policy, resources, and cross training have had a greater effect in Maricopa County than in other districts throughout the State. In most districts, Division staff and CPS staff work in the same offices, staff turnover is relatively low, and

the number of mutual clients is small, so informal work practices appear adequate to ensure appropriate service for these clients. In addition, the Division's Pima County office also has two foster care specialists, including one who previously worked for CPS, and both work closely with CPS. However, Maricopa County has over half of the statewide total of mutual clients, and lacks the formal and informal interactions between Division and CPS staff that enable other regions to overcome these limitations.

Jointly Staffing Specialized Unit Could Help Resolve Problems

In addition to improving transfer policies and training, DES could establish a specialized, interdivisional DES unit to increase communication and help resolve some coordination problems. DES could transfer some CPS case managers into the Division's existing foster care unit and provide cross-training. The unit could permit case managers and support coordinators to draw upon each others' expertise, and provide all its case management staff with access to the same computer systems and other resources. In addition, it could provide children with developmental delays who are not eligible for Division services with an avenue for obtaining appropriate services through CPS.

Recommendations

1. DES should continue its efforts to develop a transfer policy that will help ensure CPS-involved children who are eligible for Division services receive appropriate and timely services.

2. Once the policy is developed, DES should train all CPS caseworkers and Division support coordinators on implementing the policy.

3. DES should provide more cross training for CPS caseworkers regarding developmental disabilities and obtaining assistance from the Division, and should expand its cross training for Division support coordinators to include training on court procedures relating to foster care children.

4. Once the above recommendations are implemented, DES should examine the need to enhance the Division's existing foster care unit in Maricopa County for children involved with CPS who have developmental delays. If enhancement is necessary, DES should:

   a. Staff the unit with case managers drawn from CPS in addition to its current complement of Division support coordinators.
   b. Provide appropriate cross training for all unit case managers.
   c. Provide access to necessary computer resources, including CHILDS and ASSISTS.

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FINDING II

INADEQUATE INFORMATION SYSTEMS HAMPER EFFORTS TO MEET CLIENTS' NEEDS AND MANAGE BUSINESS OPERATIONS

The Division's existing information systems create inefficiency in delivering services to clients and managing its business operations. These information systems lack many of the key features needed for effective management. The Division's main client tracking system, in place since 1985, does not allow staff to quickly obtain needed information, sometimes delaying decisions about client services for months. Further, the Division's systems fail to provide critical data and reports for internal management and staff purposes and for external users, such as the Legislature—which is a concern raised by the Joint Legislative Developmental Disabilities Oversight Committee. These shortcomings have been apparent for at least five years. DES has upgraded similar systems using federal funds, but any efforts to upgrade the Division's current information systems do not qualify for such funding. Past proposals submitted for legislative consideration have been inadequate. To address this critical need, the Division and DES need to work with the State's Government Information Technology Agency in building a better and fuller justification for the project.

Good Information Systems Are a Key Component to Operating Effectively

Information systems are an important component of the Division's ability to serve its clients. These systems supply the backbone of information about clients—their needs, the services they are or should be receiving, and the progress they are making. Effective systems have the ability to merge key operations, such as tying service authorizations to bill-paying functions, or to generate reports that provide the information needed for good decision making by agency managers and the Legislature.

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The Division relies on two primary information systems to serve clients and track their needs, operate business functions, and help management make decisions. The Arizona Social Services Information and Statistical Tracking System (ASSISTS) is the Division's main client tracking and bill payment system. Obtained in 1985, ASSISTS also records provider information and authorized rates to be paid for all services except acute medical care. The second major system, called INC for Information Network Corporation, which operates it, tracks acute care medical claims, payments, and authorizations. Currently, the Division pays $25,000 per month for INC to maintain and operate this system off-site.

These two information systems are not integrated, so information cannot be transmitted between them electronically. Likewise, the two systems are not linked with other important systems containing information about some of the Division's clients, such as the DES Child Protective Services' CHILDS (Children Information Library and Data Source) and the Department of Juvenile Correction's JOLTS (Judicial On-Line Tracking System).

Existing Systems Do Not Meet Key Needs

ASSISTS hampers support coordinators' efforts to help clients.

The Division's current information systems impede Division staff from effectively serving its clients or managing business operations. ASSISTS, in particular, has very limited capacity to capture important information. As a result, staff spend much of their time maintaining paperwork files with information that cannot be put into the system. Neither system provides sufficient information to help Division management manage business operations or create meaningful information for legislative oversight.

Inadequate systems limit knowledge regarding clients and their needs —ASSISTS does not adequately capture or even contain information on clients waiting for services, client abuse and neglect, or contracts with service providers.

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■ **Key client information is not available**

1. ASSISTS does not contain key client information, forcing support coordinators to spend more time on paperwork than on helping clients. For example, ASSISTS does not capture:

> ➢ case notes on client progress and outcomes,
> ➢ strategies to help clients,
> ➢ changing service needs, or
> ➢ incidents of client abuse and neglect (see Finding IV, pages 35 through 40).

Therefore, support coordinators rely heavily on paper files to obtain a complete understanding of clients and their needs.

2. In addition, the Division has limited internal electronic mail capability, which cannot be used to transmit documents via a local area network, meaning that staff must routinely mail or fax documents in order to transfer critical client information.[1] According to a consultant report, support coordinators spend an estimated 50 to 60 percent of their time on paper-driven tasks that cannot be accomplished using ASSISTS.

Support coordinators spend 50 to 60 percent of their time on paper-driven tasks.

■ **Client services cannot be authorized in a timely manner**—Districts do not receive timely reports to help authorize services to meet client needs. Districts rely on client roster reports for information on eligibility and which support coordinator is responsible for addressing clients' service needs. District management and support coordinators must often wait for Central Office staff to produce, print, copy, and mail these reports. As a result, the information may be up to two months old by the time it is received.

Report information may be up to two months old by the time it is received.

■ **System does not help manage the waiting list for services**—ASSISTS cannot record or track information in a way that helps the Division and its staff determine the number of

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[1] A local area network is a group of computers located within a limited area and linked by high-performance cables. Such networks allow users to communicate with each other via electronic mail to share files and databases containing client and business information.

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clients waiting for services, how long they have been waiting, or the extent of their service needs (For information on the client waiting list, see Finding III, pages 29 through 34). Further, Division staff do not have on-line access to client waiting list summary reports, since ASSISTS cannot easily be queried and reports require programming expertise from the Division's Central Office Management Information Systems staff.

■ **Lack of equipment to access available information**—Even the limited information in ASSISTS is difficult to access, because staff do not have adequate equipment. Most districts report they have one computer with ASSISTS access for every four to five support coordinators, even after obtaining additional computers and equipment through state surplus equipment. In one district, administrators require staff to schedule their usage. Lack of ready access hampers staff ability to complete recordkeeping tasks and return to their other duties.

Systems do not provide needed management information—Besides making it difficult for staff to meet clients' needs, the Division's information systems do not provide information needed to manage its operations. Key business functions are not integrated, while other elements, such as contracts, are missing entirely. Further, the Division cannot rely on its information systems to determine the impact of changes in funding on its clients or the services they receive.

■ **No integration of key business functions**—ASSISTS does not integrate key business functions. For example, ASSISTS does not link service provider licensing information, service authorizations, contracts, or bill payment functions. ASSISTS does not contain complete information on the Division's contracts with service providers. Division contracts staff believe a mechanism to track contracts is crucial and have therefore developed a stand-alone database to meet their needs (see Finding V, pages 41 through 44). However, this stand-alone system has no link to other business functions such as licensing, payments for services to clients, and budgeting, and it cannot provide Division staff with a complete picture of a contractor's status.

■ **Systems cannot generate critical information**—Problems with information systems mean that the Division has not been able to provide critical, timely information to the Legislature. Joint Legislative Budget Committee, House, and Senate staff consulted during the audit noted that the Division's information systems cannot provide some key information for decision-making purposes, such as tracking the impact of funding increases for client services. As a result, the Legislature has experienced growing dissatisfaction with information and reports provided by the Division.

Action Needed to Develop Proposal for Legislative Consideration

Although the need for improved Division information systems has been recognized for several years, the Division has not done enough to assemble a proposal for serious legislative consideration. The existing systems cannot be sufficiently upgraded to meet the Division's needs. In 1995, a consultant conducted a comprehensive study and concluded that the systems needed replacement, at a cost of about $25 million. Unlike some other Division systems, these systems do not qualify for federal matching funds. Thus far, the Division has not prepared a detailed plan for the Legislature to evaluate.

Existing system cannot be upgraded—For several reasons, ASSISTS cannot be upgraded to meet the Division's current or future needs. Since the Division obtained ASSISTS in 1985, numerous changes have been made to the system's programming code. However, the Division has not maintained documentation of these changes. Consequently, the Division's management information system staff cannot predict the impact of any changes made to ASSISTS. For example, when the staff modified the ASSISTS programming code for Y2K compliance, the system began producing duplicate authorizations and payments for services. The staff has yet to determine how this problem occurred or locate the problematic programming code.

1995 consultant study concluded ASSISTS cannot meet the Division's needs.

New system requirements identified—A 1995 consultant study determined the Division's information systems needs, costs, and timeline for implementation. As part of this review, the Division's consultant determined that the ASSISTS system could not

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be reasonably upgraded to meet the Division's needs due to numerous undocumented programming changes, different operating platforms and software, and a general inability to expand the system as needed in the future. The consultant obtained input from users of the Division's information systems and performed an extensive analysis of costs and implementation time frames. According to the consultant's report, the Division's best option is an entirely new information system that would require new mainframe servers, computer equipment (personal computers, workstations, and printers) for Division and district staff, a common operating platform and software, and local area network and wide area network access. In 1995, the study estimated that a new Division information system would cost approximately $25 million. Such a system would require three years to implement, but according to the consultant would meet Division needs better than outsourcing or upgrading the current systems.

Federal funds not available to help pay for the system—DES has not given top priority to replacing or upgrading the Division's information systems, in part because it cannot obtain federal funding to help offset the cost. As a subcontractor to AHCCCS, which is Arizona's Medicaid entity, the Division cannot receive federal funding for this purpose. In contrast, DES gave higher priority to its Administration on Children, Youth, and Families (ACYF), which was eligible for and received federal matching funds to help pay for an improved information system. The ACYF replaced ASSISTS with the Children's Information Library and Data Source (CHILDS), a comprehensive case management system. Federal funding accounted for $19.8 million, or 62 percent, of CHILDS' $32 million development and implementation costs.[1]

Division needs to prepare complete proposal for legislative consideration—To deal with this critical need, DES needs to do a better job of developing a proposal for the Legislature's consideration. Although DES has submitted various proposals to upgrade small portions of the system, its proposals have not been thorough enough to justify a new system, according to Joint Leg-

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[1]   The consultant considered the CHILDS option for the Developmental Disabilities program but concluded that it would not meet the Division's needs.

islative Budget Committee staff. They noted that previous requests have included only one-page summaries, which is inadequate to fully explain and justify such a large expenditure.

To enable the Legislature to make an informed decision regarding funding for a new system, the Division and DES should work with the Government Information Technology Agency (GITA) and prepare detailed plans to support any funding request. GITA can assist the Division in completing a Project and Investment Justification that determines Division needs, system requirements, and costs, and may help identify alternative funding sources.

Recommendations

1. The Division should work with GITA to determine its information system needs, identify alternative funding sources, and complete GITA's Project and Investment Justification document, to help provide the Legislature with adequate information to evaluate whether to fund a new information system.

2. The Division should provide staff with adequate access to information. To do so, the Division, in its next budget request to DES, should make obtaining more computer equipment for its district offices a high priority. The Division should do this, whether or not a new information system is obtained.

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FINDING III

THE DIVISION DOES NOT ADEQUATELY MAINTAIN AND MANAGE ITS WAITING LIST

Besides improving management systems in general, the Division needs to address another specific management system issue—the list of clients waiting for services. This list is intended to be the official register of clients who are waiting for services, but it contains incomplete and unreliable information. As a result, it cannot be used to show whether clients received services in a timely manner, or can the Division use it to show the Legislature how much money would be needed to address these unmet needs. In addition to addressing information systems, the Division needs to update policies and procedures and improve staff training on maintaining the list.

Waiting List's Purpose Is to Identify Unmet Needs

To keep track of services clients need but have not received, the Division directs its support coordinators to enter information into a waiting list contained in the ASSISTS computer system. Under the Division's intended approach, when services outlined in a client's Individual Service Plan are unavailable, support coordinators should enter the information onto the

> The waiting list is intended to serve as the official, active register that describes the type, duration, and intensity of services needed but not yet provided.

waiting list, and indicate the priority of the need: emergency, immediate, current, or future. Then, district managers should review the list, assess the priorities, and ensure that clients receive the waited-for services as soon as a provider or appropriate funding becomes available. Finally, Division management should be able to use the list in order to determine funding needs and allocate resources to the appropriate priorities.

Division's Waiting List Incomplete and Unreliable

In practice, the waiting list is not being maintained and used as intended. The list does not capture all clients waiting for services. Further, some of the information it does contain is incorrect and unreliable.

Waiting list does not contain complete information—The waiting list does not accurately reflect clients' unmet service needs. During the audit, the Division's Assistant Director estimated that the waiting list was only 75 percent complete. Further, Division staff responsible for producing waiting list reports discouraged auditors from using the reports to determine the kinds of services clients needed and how long they waited, because they believed the waiting list was incomplete.

Division management estimates waiting list is only 75 percent complete.

According to support coordinators and other Division staff, the list is deficient for several reasons:

- **Clients deliberately omitted from the list**—Some clients lose hope that they will ever receive services after being on the waiting list for several years, and ask to have their names removed. Division staff state that this occurs frequently. Similarly, support coordinators sometimes do not place clients on the waiting list because they know funding is not available or there is no suitable provider in the client's geographic area.

- **Lack of training**—Some support coordinators do not place clients on the list because they do not understand the waiting list requirement. For example, one support coordinator told auditors she did not place ALTCS-eligible clients on the waiting list because Medicaid mandates that they receive services within 30 days. Another support coordinator apparently did not know a waiting list even existed, according to one parent who complained that his son was delayed in being placed on the list.

Information in waiting list unreliable—Besides a complete lack of information about some clients, the waiting list has erroneous information about clients who are listed. In particular, the

waiting list lacks reliable information on the length of time clients have waited for services. For example, in the records of one client that auditors reviewed, a printout dated in March 2000 showed the client had received services after a two-day wait, but another printout dated in June 2000 indicated the client had waited nearly four months for the same services. The support coordinator recently assigned to the client could not determine the reason for the discrepancy. According to Division staff, support coordinators may enter some dates inconsistently; for example, by using different definitions of "date needed." Since one primary purpose for using a waiting list is to avoid excessive delays, these date errors are particularly problematic.

Further, the waiting list does not accurately indicate immediacy of need. When entering a service on the list, support coordinators must indicate whether the need is emergency, immediate, current, or future. However, the Division has not adequately defined these terms or trained its support coordinators on when to use each category. As a result, district and Division management cannot use the waiting list to ensure the highest priority needs receive attention first. The Division may wish to consult with developmental disabilities stakeholders and decision-makers to refine waiting list priorities.

Lack of Reliable List Affects Clients and Weakens Program Management

The lack of a complete and reliable waiting list negatively affects clients and weakens the State's ability to manage the program effectively. Clients are directly affected because the Division does not know if they are receiving services in a timely manner. Because the list is incomplete, the Division cannot use it to tell the Legislature how much money would be needed to meet clients' needs. Other states face lawsuits over not addressing unmet needs in a timely manner.

Clients may not receive services in a timely manner—Due to the waiting list's incompleteness and unreliability, district staff cannot always ensure that clients are receiving services in a timely manner. As mentioned previously, support coordinators cannot easily determine why information on the list has

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changed and, therefore, cannot use the list to determine if a client has received services or if information was erroneously changed or deleted. The timing for children's services is especially problematic, since early intervention services are intended to help children during critical periods of development and may even negate the need for future Division services.

Division cannot determine how much money is needed to serve its clients—Without complete and reliable waiting list information, the Legislature cannot make educated funding decisions and clients may not get the services that they need. Although the Legislature has expressed willingness to provide money to serve people on the waiting list, management reports generated using waiting list information do not provide complete and accurate information that would justify requests to the Legislature to fund and reduce the waiting list. The Legislature provided the Division with additional appropriations in 1996 and 1999 to eliminate the waiting list; however, the Division was unable to show where the money went or how many clients benefited from it.

Other states' lawsuits underscore importance of addressing unmet needs—At least nine other states face pending litigation over clients' inability to obtain timely services.[1] Courts in other states have ruled that clients must be removed from state waiting lists, and their service needs met in a reasonable amount of time. Understanding unmet client needs will become increasingly important in the future as the number of Division clients, and their service needs, increase. (See Other Pertinent Information, pages 45 through 49, for more information on future service needs.)

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[1] The nine states auditors identified were Florida, Hawaii, Massachusetts, Montana, New Hampshire, New Mexico, Oregon, Pennsylvania, and West Virginia.

Division Needs to Update Policies and Improve Training on the Waiting List

To improve the waiting list, the Division needs to take action in two main ways: updating policies and procedures to reflect current practices and conducting additional staff training to ensure problems with the waiting list do not continue.

Policies and procedures outdated—The portion of the Division's policies and procedures manual related to the waiting list is inaccurate. The waiting list policy has not been thoroughly updated since it was developed in 1993, and it contains instructions on procedures that the waiting list cannot perform. For example, the policy describes requirements for recording how long clients have been waiting for services, and the duration and intensity of services, but the waiting list cannot capture this information. The Division should develop an alternative procedure for recording this information until such time as it can address the deficiencies in the ASSISTS waiting list. The Division also needs to establish procedures to regularly check the accuracy of its waiting list data. The experience of other states currently in litigation over unmet service needs may provide helpful direction in developing these policies.

Training needs to be improved—The Division needs to improve its training to ensure that problems plaguing the current waiting list do not continue. The Division should develop and conduct statewide training to educate staff on the waiting list's impact on clients, proper policies and procedures to follow, and the importance of the waiting list in justifying additional funding to the Legislature. The training should emphasize to support coordinators the importance of recording every authorized service that is not provided, in order to obtain complete and reliable information on clients' unmet needs.

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Recommendations

1. The Division should instruct support coordinators to promptly enter all authorized but unmet service needs into the waiting list, including those for ALTCS clients whose service needs should be met within 30 days.

2. The Division should meet with the Joint Legislative Developmental Disabilities Oversight Committee, JLBC staff, and stakeholders to help them determine how waiting list priorities should be defined.

3. The Division should update its policies to reflect definitions of waiting list priorities and its procedures for updating and maintaining the list.

4. Until a more accurate and accessible information system is in place, the Division should have its districts manually compile waiting list information, in addition to the waiting list, to ensure that all clients' needs are captured.

FINDING IV

THE DIVISION NEEDS TO FURTHER IMPROVE ITS MANAGEMENT OF UNUSUAL INCIDENT REPORTS

The management of the Division's process for investigating and tracking Unusual Incident Reports (UIRs) can be further improved. Although the Division has taken steps to address previously identified problems with its system for investigating client abuse and neglect, several management problems continue. Currently, the Division is in the process of implementing a new pilot program for handling abuse and neglect reports. This program shows promise, but more needs to be done.

Unusual Incident Reports

Whenever client abuse or neglect is observed, alleged, or suspected, Division management must be notified by means of an Unusual Incident Report (UIR). UIRs capture unusual incidents involving any client, service provider staff, or Division staff. UIRs are filed for a wide range of incidents, including client deaths; physical, sexual, and verbal abuse of clients; provider fraud; theft; accidents and minor injuries; and media involvement. Although the UIR system is intended to record and track serious incidents of client abuse or neglect, the system also captures many less serious events, such as provider staff illness, minor auto accidents, and community complaints. Licensing regulations (R6-6-803.A) require service provider employees to report certain incidents immediately to the Division in writing or by telephone. Division policies and procedures require that Division employees verbally inform a supervisor immediately upon learning about the incident from the agency, a client, or by their own observation, and prepare a written UIR within 24 hours. UIRs are usually investigated by district staff, but Central Office staff may conduct the investigations depending on the nature and severity of the incident. In fiscal year 1999, approximately 3,300 unusual incident reports were submitted.

Improvements Made
Since Prior Audit

A previous Auditor General report (Report No. 93-2) found problems with the Division's system for reporting client abuse and neglect; however, the Division has since made many improvements.

Prior audit found problems—A prior Auditor General report found problems with the Division's practice for addressing client abuse and neglect reports. In 1993, this report identified the following problems. First, the Division had not resolved some incidents appropriately. For example, some incidents did not result in UIRs. Some UIRs were slowly or inadequately investigated or were inappropriately turned over to provider agencies for investigation, while other investigations did not lead to appropriate action. Second, the Central Office did not receive UIRs and investigation reports, even though policy required districts to send a copy of each to the Central Office. A limited review found that Central Office files were so incomplete that they were unusable. Third, districts did not keep complete files, and review of those files revealed that UIR information and references were inconsistently maintained. Further, the Central Office had only one administrative assistant and one-half of one manager's time to monitor, review, file, and track all the Division's UIRs and to handle any incidents that were too sensitive to be investigated by the districts. Finally, the previous audit also found that investigative staff lacked training. Most districts did not have staff who specialized in investigations or who received any training in investigation methods.

Current audit found progress—The Division has since made many improvements to address the problems identified in the prior report. For example, the Division formed Quality Assurance Units, improved reporting, devised a computer database to track reports, and created Central Office and district-level program monitors.

- **Quality assurance units**—Three of the Division's largest districts established quality assurance units to work in partnership with the Central Office unit on unusual incidents and investigations. These units are responsible for reviewing all UIRs, providing additional recommendations regarding investigations, and forwarding reports to the Central Office.

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■ **Improved reporting procedures to Central Office**—From 1993 to 1999, the Division changed from a decentralized system to a centralized approach involving both the Central Office and the districts. Districts are still responsible for notifying the Central Office within 48 hours of an UIR. At the end of each week, district staff are responsible for sending UIRs to the Central Office via hard copy and disk.

■ **Central Office database to track reports**—The Division designed a computerized database to standardize reporting, which enables the Division to generate and track investigations and outcomes. For example, the Division has the ability to produce reports that track the number of UIRs that involve Arizona Long Term Care Services clients or UIRs that take place in group homes.

■ **Program monitors**—In 1995, the Division created the position of program monitor. The Central Office now has eight program monitors who review licensing requirements and conduct sensitive investigations, in addition to 14 district-level monitors. All program monitors are required to take a two-day specialized investigative training course.

Management Problems Remain

While the Division has made several improvements, further management problems remain. The Central Office collects too much information, uses a confusing coding scheme, cannot accurately determine investigation status, and has a backlog of incidents not yet entered into its database. In addition, the Division has not addressed the understaffing problem noted in the 1993 audit report.

■ **Information collected creates confusion**—The Central Office collects too much information, which creates confusion. Districts send all UIRs, including many that do not involve client abuse and neglect, to the Central Office. In addition, the Division categorizes incidents into 91 separate codes, leading to inconsistent coding among districts and the Central Office. As a result, Central Office staff cannot easily review important incidents to ensure they have received appropriate attention at the districts.

- **Investigation information incomplete**—Despite efforts to collect complete information on all UIRs, the Central Office lacks accurate information on the status of district investigations. For example, auditors reviewed 50 UIRs submitted by districts in fiscal year 1999, but could not determine from Central Office records if the investigations had been completed. As a result of the incomplete information, the Central Office often sends letters to districts requesting investigations after the districts have already completed them.

High volume of reports submitted by districts has led to a substantial backlog.

- **Data entry backlogged**—The high volume of UIRs submitted by the districts has led to a backlog that has persisted since 1991. The two- to three-year backlog of UIRs represents information not yet entered into the Central Office database. Service providers and district administrators note that the delay in addressing incidents immediately renders investigative follow-up useless. In addition, the Division cannot analyze UIRs caught in the backlog to identify patterns of abuse or neglect and mitigate potentially harmful environments for Division clients.

- **Staffing still inadequate**—Although the centralized approach requires that every UIR be read in the Central Office, the Division still has only one staff person and one manager assigned to monitor UIRs. The staff person spends most of her time entering UIRs into the database, monitoring district submission of investigation reports, and filing UIR paperwork. This leaves little opportunity for the Central Office to conduct meaningful analysis of UIR information in order to ensure clients are adequately protected.

Pilot Program Shows Promise, but Division Needs to Do More

The Division designed an UIR pilot program to streamline its practices and solve many of the remaining problems. However, since the program is not fully implemented, the Division should review the pilot program's procedures with the remaining districts. The Division needs to manage its backlog so that the pilot program is not impacted by it. Further, the Division should ensure that district staff are properly trained with new procedures and a computer database.

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Pilot program streamlined processes—A recent pilot program streamlined many of the Division's processes for handling client abuse and neglect reports. For example, the number of incident codes was decreased from 91 to 11. The pilot also screens reports using 5 priority levels, sending only high-priority cases to the Central Office.

Under pilot program, only high-priority reports are sent to Central Office.

From October to December 1999, District 3 (Apache, Navajo, Coconino, and Yavapai Counties) participated in the pilot program for reporting client abuse and neglect. Each district's Quality Assurance Unit was designated to receive unusual incident reports. Quality Assurance staff are responsible for handling and prioritizing all investigations, so that only high-priority reports are sent to the Central Office. Two staff at the Quality Assurance Unit must agree upon which of the 11 incident codes best characterizes the UIR. The new system collects time-sensitive information, which allows the Division to keep and track performance measures on service providers and staff. As part of this pilot program, the Division should also continually assess and adjust performance measures as necessary. To date, the pilot has not been implemented statewide. Currently, only District 3 is using the new system. However, Districts 2 (Pima County) and 6 (Cochise, Graham, Greenlee, and Santa Cruz Counties) will implement the pilot program during the summer of 2000.

Division needs to manage its backlog—The Division's Office of Compliance and Review (OCR) continues to operate with a substantial backlog of UIRs. As previously mentioned, the unit responsible for UIRs remains understaffed with only one manager and one staff person. Further, the Division has only one part-time Medical Director to review and close the files. The Division should dedicate more staff to eliminating the current backlog so that the new pilot program does not immediately fall behind.

Division should ensure district staff are properly trained for the pilot program—The Division should ensure that all appropriate staff are adequately trained for the new pilot program. For example, support coordinators and provider agencies must be made aware of the new process for handling client abuse and neglect reports. Further, district staff responsible for UIR processing need to be trained using Access, a newer database. Although the Division currently uses Paradox to track and report UIRs, it would like all districts to begin using Access, because it is easier

to use and creates better reports. In the future, the Division would like to track more information, analyze trends, and look at indicators related to potential risk and service quality.

Recommendations

1. The Division should continue to monitor the implementation of its pilot project to better monitor reports of client abuse and neglect, with particular attention to District 1 in Maricopa County.

2. The Division should eliminate the current backlog of UIRs.

3. The Division should continually re-assess and adjust performance measures as necessary during statewide implementation.

4. The Division should ensure that district staff responsible for UIRs are adequately trained using Access.

FINDING V

THE DIVISION HAS IMPROVED ITS CONTRACT MANAGEMENT PRACTICES

The Division has made progress and should continue its efforts to improve contract management. Previous audits found several problems with the Division's contracting practices. The current audit found that past problems had been corrected, in that the Division now complies with procurement code, appropriately uses consultant contracts, and has developed a database to track its contracts. However, because the Division spends so much money contracting for client services, it needs to look for ways to identify and correct problems. Auditors identified one instance in which a recent Request for Proposals lacked clear language and may result in contract challenges. The Division is taking steps to prevent a recurrence.

Contracts Form a Large Part of Division Expenditures

Most of the services the Division provides to its developmentally disabled clients are handled through contracts and Individual Service Agreements (ISAs). Contracts cover services such as group homes; room and board; speech, occupational, or physical therapy; day treatment and training; nursing; and other medical services. The Division also contracts with consultants (usually physicians or psychologists) who evaluate eligibility; assess a potential client's medical, psychological, or functional limitations; or determine if there have been changes in a current client's functional levels. Through ISAs, individuals provide services such as housekeeping, attendant care, and transportation. Currently, the Division has 961 contracts with agency providers and 1,566 ISAs with individual providers.

Contracts represent a significant amount of the Division's budget. In fiscal year 1999, contracts and ISAs totaled

The Division spent approximately $255 million on contracts to provide services to clients in 1999.

approximately $255 million, or 78 percent of the Division's expenditures. The volume of work done through contracts and ISAs underscores the need for sound procurement practices. Any problems with the contracts, or with the Requests for Proposals that solicit these contracts, can significantly affect the Division's ability to ensure that clients receive services without disruptions or delays.

Previous Contracting Problems Corrected

While previous audit reports found problems with the Division's contracting practices, the current audit found that these problems had been largely resolved. Generally, the Division complies with the State's Procurement Code. In contrast to previously reported overuse of consultant contracts, the Division now appropriately uses consultant contracts to obtain professional services. Finally, the Division's contract manager has developed a comprehensive database that accurately tracks contracts.

Prior audits found contracting problems—Previous audit reports identified problems with the Division's contracting practices. In 1993, an Auditor General report (Report No. 93-2) identified the following contracting problems. The Division needed to strengthen the Central Office's support and oversight role and business operations to ensure that the districts followed proper procurement procedures. A limited file review indicated that several files lacked important contract documentation, the contracting manual had not been updated, and the Division did not provide adequate contract training to District staff. Additionally, the Contracts Manager lacked the authority necessary to ensure that District staff complied with the Division's contracting policies and procedures.

Contracting issues were also identified in the Auditor General's 1995 performance audit of the Department of Economic Security Contracting Practices (Report No. 95-10.) The audit recommended that DES needed to better manage its use of consultants and specifically identified the Division of Developmental

Disabilities as having used these services most extensively, including some consultants who held decision-making positions that should have been filled by Division employees.

Division now complies with procurement code—The current audit determined that problems with inadequate and incomplete contract file documentation identified in 1993 no longer exist. Although this review found a few procedural problems, all of the problems had already been identified and corrected by the Division. The Division now maintains appropriate documentation, complies with procurement code requirements such as contract amendments, provides training to district staff on proper contracting policies and procedures, and appropriately refers issues to the State Procurement Office for approval when required by the procurement code.

Appropriate use of consultant contracts—The Division now appropriately uses consultant contracts to obtain professional services. Auditors examined the Division's 26 current consultant contracts. Many consultants are either physicians or psychologists who evaluate eligibility, and assess a potential client's medical, psychological, or functional limitations. Consultants are also used to determine if there have been changes in a current client's functional levels. Auditors found all consultant contract files to be complete, containing appropriate documentation regarding services provided and rates paid. During the file review, auditors did not find any consultants inappropriately replacing Division employees, a concern previously identified in the 1995 audit.

Contract database developed—The Division now has a comprehensive contract management database developed by the Division's contract manager. Prior to 1999, the Division lacked a comprehensive contract tracking system, resulting in several issues such as the inability to track contracts and their processing times, issuing duplicate contracts to the same contractor, and the possibility of duplicate payments made to the same contractor. However, in 1999, the Division's contracts manager developed a comprehensive contract database that can record, monitor, and accurately track contracts and their processing times. In addition, all Division contracts, including contracts negotiated by district

staff, are first reviewed by its contracts manager or the DES contracts management supervisor before being entered into the contract database, ensuring statewide compliance with the Division's contracting policies and procedures.

Division Can Continue to Improve Its Contracting Practices

Large amount of contracted funds underscores the need for strong contracting practices.

The Division can continue to improve its contracting practices by identifying and correcting contracting issues before they become problematic. Due to the large amount of funds the Division contracts for client services, problems with Division contracts could significantly impact its ability to provide needed services. For example, in 1998 the Division issued a Request for Proposals (RFP) and contract that lacked clear, concise language and resulted in a contract challenge. According to management, the Division plans to hire a consultant with expertise in writing clear RFPs/contracts and in negotiating contracts. The consultant will review the Division's RFP process, clarify language used in RFPs/contracts, provide staff training in these areas, and train staff in contract negotiations. Many staff who negotiate contracts work in the Division's district offices and are not experts in contracting. Hiring an outside consultant with contracting expertise should help ensure that RFPs/contracts contain specific language that is not subject to misinterpretation and legal challenges.

Recommendation

The Division should continue with its plans to obtain the services of a consultant with contract negotiation skills and expertise in writing clear, concise RFPs to review its contracting practices.

OTHER PERTINENT INFORMATION

During the audit, auditors developed information on two other issues. First, the Division will need to provide services to more clients in the future, as aging parents can no longer care for their adult children who have developmental disabilities. A potential expansion of Arizona's eligibility criteria will also increase the need for services. Second, information was gathered regarding the Division's progress in implementing a Fair and Equitable Rate Structure to establish uniform contract rates paid for services.

Future Service
Needs Will Expand

Two factors could cause future service needs for people with developmental disabilities to significantly expand. Many Arizonans with developmental disabilities do not request or receive Division services. Although their needs are currently unknown to the Division, these needs will increase as they and their family members grow older. In addition, Arizona's possible expansion to the federal definition of developmental disabilities would increase the number of clients served by the Division.

More children and adults with developmental disabilities will turn to the Division for services in the future.

Some eligible Arizonans do not request Division services— Many people with developmental disabilities in Arizona are not known to the Division, because they do not request or currently receive services. Adults with developmental disabilities who live at home with their parents may not request and receive services from the Division. An increasing number of such people are being cared for by elderly parents or family members. A recent Division survey found that Arizona developmental disabilities caregivers average 58 years of age. Hence, the demand for services can be expected to increase in the future, as elderly parents are no longer able to provide care.

Definition of eligibility could expand—In 1999, the Legislature amended Laws 1997, Chapter 299, §6 (Laws 1999, Chapter 204), to examine the impact of expanding the statutory definition for those who qualify for support and services from the Division. The Arizona definition of "developmental disability" differs markedly from the federal definition (45 CFR parts 1385-88). Arizona's definition requires at least one of four qualifying diagnoses, while the federal definition is based on functional limitations. The Division, along with representatives from selected disability advocacy groups that are not currently included in the Arizona definition, formed a workgroup charged with identifying potentially qualifying population groups if the federal definition were used. Workgroup members were asked to anticipate the number of individuals per population group who might be added to the Division's service population and estimate the costs for specific disability groups, such as Asperger's Syndrome, Spinal Cord and Traumatic Brain Injuries, Fetal Alcohol Syndrome, and others. The workgroup found that expanding the definition could potentially cost the State an additional $95,207,200 annually to serve approximately 10,685 individuals.[1] This estimate does not include an additional $58 million in federal Title XIX matching funds and would represent a 26 percent increase in the Division's expenditures.

Division Finally Making Progress Toward Implementing a Fair and Equitable Rate Structure

Despite delays, the Division is finally making progress to implement a Fair and Equitable Rate Structure. Such a structure will ensure providers are paid according to statewide uniform contract rates, instead of using historical rates or relying on negotiation skills, as the Division currently does. Although several pieces of legislation have required the Division to adopt a Fair and Equitable Rate Structure, the Division has not, until recently, obtained the support needed from stakeholders to implement it. Recent Division efforts are showing progress, including a pilot

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[1] According to the report, only an estimated 20 percent of total individuals who may be eligible actually apply for services. The figures mentioned here reflect the 20 percent estimate.

project to compare current contract rates against statewide rates to be paid under the new structure.

Purpose of a Fair and Equitable Rate Structure—A Fair and Equitable Rate Structure establishes statewide uniform contract rates paid for services provided to clients with developmental disabilities. At least seven states have implemented a uniform rate structure for services for people with developmental disabilities. States that have implemented a Fair and Equitable Rate Structure report eliminated payment inequities, improved relations with providers, and an improved ability to focus on quality rather than costs. Currently, Arizona does not have a Fair and Equitable Rate Structure. As a result, contractors receive different reimbursement rates for providing the same services to clients who have similar needs, creating rate inequities. Generally, rates are set after the Division analyzes the provider's proposed cost for each individual service. These proposed costs and the provider's historical rates serve as the basis for rate negotiations. However, the primary influence on rates continues to be the provider's contract negotiation skills.

Fair and equitable rate legislation—Concern over rate differences led the Legislature to adopt several pieces of legislation regarding a Fair and Equitable Rate Structure. In 1994, legislation required DES to establish a fair rate structure for Division services. A.R.S. §36-557.K directs the Division to "establish a rate structure that ensures an equitable funding basis for private non-profit and for profit agencies. In fiscal year 1995-1996 and each fiscal year thereafter, the division shall review and may adjust the rate structure. . . ." In addition to this legislation, the Auditor General's 1995 performance audit of the Department of Economic Security Contracting Practices (Report No. 95-10) recommended that DES should develop uniform rate setting for human service contracting agencywide.

Although a 1998 bill clarified requirements of the 1994 legislation and added a new timeline for rate structure implementation, the Division still lacked stakeholder support to implement the new structure. Laws 1998, Chapter 227, §2(A) mandated that the Division "…shall formulate an equitable model rate structure for contracted services prescribed pursuant to section 38-558, Arizona Revised Statutes." Subsection D of this legislation required the Division to "complete the model rate structure on or before

Fair and Equitable Rate Structure will ensure uniform rates for contracted services.

October 15, 1998 and shall implement it from and after June 30, 1999." Subsequently, Laws 1999, Chapter 55, changed the model rate structure implementation date again, this time to no later than December 31, 1999. It also required that the implementation phase include a field test. The Division contends that progress in implementing the rate structure could not be made until recently, when it obtained support and input from numerous developmental disabilities system stakeholders.

***Recent efforts showing progress*—**Despite delays in implementing a Fair and Equitable Rate Structure, the Division is finally making progress. By bringing together a Design Team made up of various stakeholders in the developmental disabilities community, the Division has developed a plan to pilot such a structure with interested service providers. The Division's pilot project will track the rates that otherwise would have been paid to participants under their current contracts to determine the differences in rates. The Division plans to closely monitor the pilot rate structure to determine its impact on the Division's budget before continuing the pilot for one full year.

The Division's most recent efforts and projected timeline for implementing a Fair and Equitable Rate Structure include:

- **November 1999**—A consultant employed by the Division developed a Rate Structure and Recommendations report that included a comprehensive review of the current rate structure and recommended a rate-setting methodology consistent with the Design Team's recommendations.

- **April-May 2000**—During April, letters were sent to 49 providers interested in participating in the Fair and Equitable Rate Field Test Pilot Project. The interest letter included a pilot rate list, informing potential participants of reimbursement rates to be paid during the pilot project. As of May, the Division received responses from 22 providers interested in participating in the Fair and Equitable Rate Pilot Project. However, another provider filed a protest seeking inclusion in the pilot project. After consultation with DES, its Contract Management Section, and the Attorney General's Office, the Division will conduct the rate structure test under a Request

for Proposal (RFP). By issuing an RFP, all providers are given the opportunity to participate in the test and selected providers will be under contract to participate for two years.

■ **September 2000**—The Division anticipates issuing an RFP, which will include rate tracking for two services, Habilitation and Room and Board. Providers will be selected to participate in the rate structure test.

■ **February 2001**—The Division anticipates beginning the rate structure pilot test. After two years, the Division will decide whether to continue the pilot project.

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Agency Response

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Ms. Debbie Davenport
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

Thank you for this opportunity to review and respond to the draft report on the
Department of Economic Security, Division of Developmental Disabilities. The
Department welcomes this opportunity to offer our comments and responses to the
findings in the report. The Department also desires to extend our appreciation for a
thorough and professionally done report. Your staff is to be comended for their
diligence and comprehensive presentation of complex issues.

Should you need additional information or further clarification, please contact Eileen
Colleran, Administrative Coordinator, Division of Developmental Disabilities at
542-6857 or me at 542-5678.

Sincerely,

John L. Clayton

Response from the
Response from the **Division of Developmental Disabilities**

The **Report** from the Auditor General's staff on the performance of the Division of Developmental Disabilities accurately reflects several of the challenges faced by the Division.   The Division's response to the **Report** is in two Sections. Section 1 provides information on specific findings contained in the report. Section 2 presents the Division's response to the recommendations contained in the report.

Section 1: General Comments:

PROGRAM FACT SHEET

The following comments and suggestions are intended to add clarification or to provide additional information on several findings.

The report lists concerns around the Division's utilization of performance measures. In the *Program Fact Sheet* three areas are noted:
- The number of performance measures (91);
- Lack of measures addressing success in assisting clients to reach their maximum functioning level, and;
- Measures do not adequately address whether clients live in the least restrictive settings.

First, the number of performance measures stems from many requirements. The Division has reporting requirements, which results in such a large number of performance measures. The Division agrees that such a large number may compromise the Division's ability to focus on core and essential areas for measurement. The Division will undertake a review of the 91 performance measures in order to ascertain which can be eliminated or consolidated in an effort crystallize the Division's focus.

The second area noted involves the measuring of client-specific growth outcomes. The Division partially agrees with this finding. It is accurate to note that the Division does not collect information on whether among the outcomes for services is an enhancement of an individual's progress towards his or her maximum potential. Due to financial and infrastructure constraints, the Division agrees to develop and implement a demonstration project to collect and analyze this information**.** The Division notes, however, that through individually developed support plans such information is captured and known among the planning and treatment teams. The problem is that the Division has not aggregated this information from this informal network to a formal database that would allow for a system evaluation of overall effectiveness.

A concomitant issue centers on the difficulty in defining maximum functioning level in a manner that can capture the Division's effectiveness. There are many individuals supported by the Division for whom personal growth, enhancing skills and independence

are viable goals. There are also individuals supported by the Division for whom maintaining existing levels of abilities or minimizing the decline in abilities are the measures of successful intervention and the desired outcomes of the services and supports provided. While examining individualized plans of support can be an aid in determining effectiveness it still is more of an art than a science in understanding and predicting potential.

Finding and maintaining balance between *"quality of life"* and *"quality of care"* adds an additional variable to the difficulty in measuring system effectiveness regarding maximizing a person's optimal abilities. Stereotypic views exist on the abilities and capabilities of people with developmental disabilities. Holding such views can result in perceptions that contradict the true abilities people have or are capable of mastering. Efforts to introduce opportunities that can result in a greater degree of self- sufficiency can be compromised by competing interest. The risk associate with individual choice and decision-making compared against the system's responsibility to ensure health and safety can influence services offered and provided. Defining the parameters of such a balance is the product of a collaborative effort not only involving the Division, people enrolled with the Division and their families but also legislators, service providers and other stakeholders.

The third finding addressed assessments for less restrictive settings. The Division will include in its review of the performance measures, what measures may be included to demonstrate the high priority of ensuring that people with developmental disabilities are living in the least restrictive setting.

WAITING LIST

The Division agrees that improvements in the collection of data on people waiting for services are needed. This is another area where collaboration is critical. Waiting List information on the surface seems rather self-evident. There are many variables, however, which makes the collection a challenge and the usability of the information relevant. For this reason the Division agreed to establish a workgroup with the task of designing a system and methodology to collect and update information on people waiting for services.

One of the significant challenges for the Division in accomplishing this task is the ability to gather and utilize information from other organizations. The Division has the capacity to capture information on people enrolled in the DD system. However, there is no current mechanism that allows for information from other organizations such as schools to provide data on the support and service needs for people who could qualify but are not currently enrolled. The Division has grown an average of 10% for the past three years. Not having access to information nor the automation capacity that would allow for accurate trend analysis on the services and supports required provides the Division with a challenge.

A major issue with the collection of information on waiting list centers on the difference between people with developmental disabilities enrolled in the ALTCS program and people who qualify for services from the Division but do not qualify for the ALTCS program. The reference made in the **Report** noting the discouragement from some people with developmental disabilities about the wait time and their subsequent decision to remove themselves from a waiting list is probably an outcome for people not enrolled in ALTCS program. The ALTCS program is an entitlement and the reason for waiting for services is usually exclusively tied to the lack of service providers in a given area. If people do not qualify for the ALTCS program the usual reason for waiting is the lack of resources to procure the services.

The Division disagrees with the statement in Finding III that the expenditures for the waiting list are not tracked and monitored. For the past year, the Division has manually tracked and recorded money provided for the waiting list. Additionally, the Division will include in any new automation plan a mechanism to facilitate tracking clients and expenditures related to the waiting list.

AUTOMATION

The Department has requested funding in the FY2002 and FY2003 budget request for the replacement of the ASSISTS system. If the request for additional funding is approved, the Department will work with GITA on completing a Project and Investment Justification. The Division would add two other points for consideration. First, the Division has two automation systems, ASSISTS is one and an acute care information system being the other. The other is currently subcontracted to INC and focuses on acute care medical services. The Division is also seeking to upgrade or replace this system.

Section II: Recommendations:

Finding I:

1. The Division agrees and will continue to support the collaborate efforts of the two divisions in the development and implementation of policies to ensure services are provided to eligible children in a timely manner. The policy will include addressing the issues around eligibility, service transition, sharing contracted services and dispute resolution. In addition, an individual has been identified from each division with the authority to determine, on a case by case basis, the role and responsibility of each division when a dispute arises.

2. The Division agrees and a training plan will be developed in conjunction with DCYF after the new policy is finalized to ensure that everyone knows and understands the new protocols.
3. The Division agrees and will work with DCYF to review existing cross training protocols and to modify and expand the training to ensure better communications. The training plan will include collapsing duplicated training

to one division and providing for staff from each division to access training from the other division.

4. The Division agrees and once the recommendations above are implemented will assess the need to enhance the foster care unit in Maricopa County.

Finding II:

1. The Department agrees and has requested funding in the FY2002 and FY2003 budget request for replacement of the ASSISTS system. If the request for additional funding is approved the department will work with GITA on completing a Project and Investment Justification. If request is not approved, the Department will convene an internal workgroup to evaluate alternate options that can enhance the Division's automation.

2. The Division agrees and is committed to ensure that field offices have the ability and the capacity to maximize available automation. The Division has already expanded automation to the districts and hired consultants to assist with installation of new automation equipment.

Finding III:

1. The Division agrees with this recommendation. Once the workgroup has completed its work and the Division develops its policies and protocols for capturing waiting list information, all support coordinators will be training in the new protocols.

2. The Division agrees and will arrange for meetings with JLBC and OSPB on waiting list information, priorities and to seek guidance on the type of information useful and relevant.

3. The Division agrees and will incorporate this recommendation after the workgroup has completed its assignment.

4. The Division agrees and will update its waiting list information and ensure to the degree possible that it reflects current information and accurately captures service and support needs.

Finding IV:

1. The Division agrees and is continuing its pilot of usual incident reports and expanding the pilot to two other districts.

2. The Division agrees and has eliminated the backlog.

3. The Division agrees and will include this recommendation in the evaluation of the Pilot.

4. The Division agrees and will develop and implement a plan that ensures staff are aware of the policies and procedures and can utilize Access database to review information, trends and complete any required or desired analysis.

Finding V:

1. The Division agrees and has completed this recommendation.

Other Performance Audit Reports Issued Within the Last 12 Months

Future Performance Audit Reports

Department of Corrections—Security Operations

Department of Public Safety—Drug Abuse Resistance Education (D.A.R.E.) Program

Department of Economic Security—Division of Child Support Enforcement