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April 30, 2019

The Honorable Rick Gray, Chair
Joint Legislative Audit Committee

The Honorable Anthony Kern, Vice Chair
Joint Legislative Audit Committee

Dear Senator Gray and Representative Kern:

Our Office has recently completed an 18-month followup of the Arizona Department of Economic Security—Division of Developmental Disabilities regarding the implementation status of the 15 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2017 (Auditor General Report 17-109). As the attached grid indicates:

- 14 have been implemented.
- 1 is in the process of being implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Department's efforts to implement the recommendations from the September 2017 performance audit report.

Sincerely,
Dale Chapman, Director
Performance Audit Division

cc: Michael Traylor, Director
Arizona Department of Economic Security

Arizona Department of Economic Security— Division of Developmental Disabilities Auditor General Report 17-109 18-Month Follow-Up Report

Recommendation

Status/Additional Explanation

Finding 1: Division should establish minimum qualifications for contractors that train and monitor developmental home licensees

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| <p>1.1 The Division should establish minimum qualification and annual training requirements to help ensure monitoring agency applicants and, as applicable, their staff, are and remain qualified to fulfill their responsibilities. Specifically, the Division should establish and coordinate a workgroup to develop minimum qualification and annual training requirements for monitoring agency applicants and staff. The Division's workgroup should:</p> | <p>Implemented at 6 months</p> |
| <p>a. Include personnel from the Division's contracting, licensing, and quality assurance units as well as representatives from various external stakeholder groups, such as representative(s) from the Division's member population, guardian/family members, monitoring agency staff, and child and adult developmental home licensees;</p> | <p>Implemented at 6 months</p> |
| <p>b. Study and identify effective minimum initial qualifications, such as specific education and/or experience requirements for monitoring agency applicants and staff; and</p> | <p>Implemented at 6 months</p> |
| <p>c. Study and identify annual training requirements for monitoring agency staff.</p> | <p>Implemented at 6 months</p> |
| <p>1.2 After the workgroup has identified minimum qualification and annual training requirements for monitoring agency applicants and their staff, to help ensure monitoring agencies are aware of and meet these requirements, the Division should develop and implement a policy that incorporates these new requirements.</p> | <p>Implemented at 18 months</p> |
| <p>1.3 The Division should revise its qualified vendor agreement documentation to reflect its policy and ensure that monitoring agency applicants and their staff meet these requirements.</p> | <p>Implemented at 18 months</p> |

Recommendation**Status/Additional Explanation****Finding 2: Division lacks process for overseeing its contractors that train and monitor developmental home licensees**

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| 2.1 | The Division should take several steps to establish a process for overseeing its contracted monitoring agencies. Specifically, the Division should: | |
| a. | Develop and implement a policy that clearly defines monitoring agency roles, responsibilities, and requirements, including the requirements for conducting the “annual home visit” and the “monitoring visits”; | Implemented at 18 months |
| b. | Specify in its policy the type of records monitoring agencies must maintain to document their activities; | Implemented at 18 months |
| c. | Ensure that the responsibilities and requirements established in its policy are incorporated in its qualified vendor agreement; and | Implemented at 18 months |
| d. | Ensure that the responsibilities and requirements specified in the various qualified vendor agreement documents are internally consistent and reflect actual practice where appropriate. | Implemented at 18 months |
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| 2.2 | To assist monitoring agencies in performing their responsibilities, the Division should: | |
| a. | Develop and provide standardized guidance, including a checklist that would help facilitate a standard and consistent approach for the required home visits; and | Implemented at 18 months |
| b. | Develop and/or provide additional guidance for monitoring agencies to help ensure they submit more complete information for the home study in an effort to reduce division requests for additional information. | Implemented at 18 months |
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| 2.3 | The Division should enhance the guidance and/or resources it provides to monitoring agencies to help ensure they provide appropriate training to licensees. Specifically, the Division should develop and provide guidance, such as suggested course curricula or outlines of course content, which could include applicable laws/regulations and best practices, for its list of training topics. Additionally, the Division should develop guidance regarding fundamental content that must be covered in specific training topics for licensees and/ or provide training materials to assist monitoring agencies to deliver trainings or make referrals to other resources, such as recognized adult learning experts, that could help monitoring agencies develop and deliver effective and appropriate trainings to licensees. | Implemented at 18 months |
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Recommendation

Status/Additional Explanation

2.4 The Division should develop and implement policies and procedures to guide and direct its staff in conducting oversight activities of its contracted monitoring agencies. These policies and procedures should:

- a. Identify the various oversight activities division staff should perform and how these activities should be performed. Oversight activities should include conducting onsite visits, reviewing monitoring agencies' hard-copy files, and/or requesting supporting documentation, which may include electronic signatures/ acknowledgments, to verify information monitoring agencies enter into the Division's database. The Division should also review monitoring agency supporting documentation for home visits to help ensure these visits were completed in accordance with rule and qualified vendor agreement requirements. For example, once the Division clearly defines the requirements of the "annual home visit" and the "monitoring visits" in the qualified vendor agreement, it should ensure that monitoring agencies meet these requirements by either conducting onsite visits, reviewing monitoring agencies' hard-copy files, and/or requesting and reviewing supporting documentation. In addition, the Division should review a sample of monitoring agency documentation for trainings provided to licensees to help ensure the training is appropriate given the needs of the licensees and the members;
- b. Direct how information in the division database should be reported and used, including the development of management reports. Specifically, the Division should require its monitoring agencies to enter information into the database fields in such a way as to facilitate the Division's ability to generate timely, accurate, and useful reports of monitoring agencies' activities. The Division should then develop and generate management reports that provide information on monitoring agency activities, such as whether monitoring agencies are timely in completing unannounced home visits, whether home visits are conducted with an appropriate frequency during the license renewal year, and whether licensee training is completed in a timely manner. Finally, the Division should ensure that its policies and procedures include the requirement and process for generating and reviewing these reports; and

Implemented at 18 months

Implementation in process

The Division has not yet finalized all of its policies and procedures related to how information in the division database should be reported and used. In August 2018, it completed a chapter in its Provider Policy Manual that specifies the type of information monitoring agencies should enter into the division database and the time frame for entering the data. In addition, the Division has developed one management report that provides information on whether its monitoring agencies are complying with its home visit requirements. Further, although the Division revised its monitoring protocol to require its auditor to review the database to identify any anomalies in the monitoring agencies' reported information and any available database reports for the monitoring agency, it determined that more guidance in this area is needed and expects to finalize changes to its monitoring protocol by June 30, 2019.

Recommendation**Status/Additional Explanation**

- c. Require the use of corrective action plans or other appropriate enforcement actions when the Division identifies deficiencies in monitoring agencies' activities. For example, when the Division discovers instances of poor performance among its contracted monitoring agencies, it should require that monitoring agencies develop and implement corrective action plans that would identify how the monitoring agency plans to correct deficiencies, timelines for correction, and any potential training needs. In addition, the Division's policies and procedures should ensure that monitoring agencies respond in a timely manner to a division request for corrective action. For example, the policies and procedures should direct division staff to conduct onsite visits to verify corrective action or require monitoring agencies to provide progress reports by established time frames. In addition to using corrective action plans, the Division should require the use of other appropriate enforcement actions. These might include implementing a probationary period with increased division supervision or canceling qualified vendor agreements with monitoring agencies that continually fail to adequately complete their required responsibilities after other available remedies were not successful.

Implemented at 18 months