



State of Arizona Office of the Auditor General

PERFORMANCE AUDIT

GOVERNOR'S COUNCIL ON DEVELOPMENTAL DISABILITIES

**Report to the Arizona Legislature
By Douglas R. Norton
Auditor General
September 1998
Report Number 98-18**



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September 21, 1998

Members of the Arizona Legislature

The Honorable Jane Dee Hull, Governor

Ms. Susan Madison, Executive Director
Governor's Council on Developmental Disabilities

Transmitted herewith is a report of the Auditor General, A Performance Audit of the Governor's Council on Developmental Disabilities. This report is in response to a May 27, 1997, resolution of the Joint Legislative Audit Committee. The performance audit was conducted as part of the Sunset review set forth in A.R.S. §§41-2951 through 41-2957.

The report addresses the Council's ability to effectively oversee the district councils it contracts with to help plan and advocate on behalf of Arizona's developmentally disabled citizens. The Council itself consists of 23 members appointed by the Governor and is supported by a staff of six full-time employees; however, the Council's goals are achieved primarily through annual contracts with six regional district councils. As specified in their contracts, these district councils serve their developmentally disabled citizens by informing the Council about problems facing developmentally disabled persons in their local communities, providing information regarding local service providers and services offered, and referring developmentally disabled citizens and their families to needed services. Historically, the district councils wrote their own contracts and submitted them to the Council for approval. Consequently, the contracts did not correspond directly with the Council's goals as specified in its State Plan. Additionally, because Council staff did not sufficiently monitor district councils' activities, some district councils had not been performing in accordance with their contract requirements. However, to address these deficiencies and to provide an increased emphasis on contract oversight, the Council's Executive Director has recently implemented a new contract development and monitoring process. In addition to these efforts, the Council should also consider other methods of ensuring contract requirements are met such as withholding district council funding when necessary, developing outcome-based contracts, and implementing a competitive bidding process.

As outlined in its response, the Council agrees with all of the findings and 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 September 22, 1998.

Sincerely,

Douglas R. Norton
Auditor General

Enclosure

SUMMARY

The Office of the Auditor General has conducted a performance audit of the Governor's Council on Developmental Disabilities (Council) in response to a May 27, 1997, resolution of the Joint Legislative Audit Committee. This performance audit was conducted as part of the Sunset review set forth in Arizona Revised Statutes (A.R.S.) §§41-2951 through 41-2957.

The Council's purpose is to plan and advocate on behalf of Arizona's estimated 83,000 developmentally disabled citizens to assist them in reaching their maximum potential. The Council does this by monitoring current services for the developmentally disabled, identifying unmet needs and gaps in services, and developing plans to address these needs. To address the important issues facing Arizona's developmentally disabled citizens, the Council develops a three-year State Plan. This plan is required under federal legislation and is approved by the U. S. Department of Health and Human Services. Federal legislation also requires that the Council operate independently of direct service providers, such as the Department of Economic Security (DES). However, DES does provide the Council with administrative services.

The Council's current State Plan (1998-2000) identifies four important goals: Leadership/Self-Determination (increasing self-sufficiency), Education, Employment, and Family Support. The Council implements these goals through annual contracts with six regional district councils, located in Scottsdale, Tucson, Prescott, Kingman, Apache Junction, and Benson. The district councils provide local developmentally disabled citizens with advocacy on important issues, information regarding service providers and services offered, and referrals to needed services.

Governor's Council Should Continue Increased Emphasis on Contract Oversight (See pages 5 through 11)

This performance audit found several problems that have historically impacted the Council's ability to achieve its monitoring and advocacy goals for the developmentally disabled.

Contract oversight problems—The Council's limited oversight of the contracts it holds with six district councils has impacted its ability to ensure all State Plan goals and objectives were met in the past. Prior to 1998, the contracting process was problematic because the Council relied on the district councils to develop their own contracts. This did not ensure district councils were working on high-priority activities or that all Council goals and objectives were collectively addressed. Further, the audit found that district councils were not performing all of the work mandated by their contracts. For example, several district councils

made little or no progress in establishing family support groups or supporting leadership development programs. Moreover, some district councils were also performing work under non-Council contracts, which may have adversely affected the resources expended to achieve Council goals.

Contract monitoring historically insufficient—The Council has also failed to adequately monitor district council contract performance to ensure compliance with contract requirements in the past. The Council requires the district councils to provide quarterly reports on their activities. However, until recently the Council has not effectively used this information to monitor contractually mandated activities and ensure goals are met at the local level. The Council should continue its recent efforts to use information obtained from district council quarterly progress reports, have Council staff conduct regular site visits, and review independent audit reports to monitor and assess contract performance.

Other options—In addition to improved contracts and better monitoring, the Council has other options to help ensure contract requirements are met. First, annually reviewing and revising district council contracts to address deficiencies would help the Council ensure all State Plan goals and objectives are addressed. Additionally, the Council could withhold district council funding for partial or complete nonperformance of contractual requirements. Moreover, outcome-based contracts, which focus on specific impacts of district council activities, such as the number of jobs developmentally disabled citizens obtained as a result of district council efforts, could help the Council measure district council performance. Finally, the Council could use a competitive bidding process to help ensure its goals are met. Currently, the Council issues sole source contracts to the district councils. The Council could use a competitive bidding process, such as Requests for Proposal, to promote competition and help ensure adequate performance of contract requirements. Nine of 10 states surveyed during the audit use competitive bidding.

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INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a performance audit of the Governor's Council on Developmental Disabilities (Council) in response to a May 27, 1997, resolution of the Joint Legislative Audit Committee. This performance audit was conducted as part of the Sunset review set forth in Arizona Revised Statutes (A.R.S.) §§41-2951 through 41-2957.

Extent of Developmental Disabilities in Arizona

According to the Council's three-year 1998-2000 State Plan, there are approximately 83,000 developmentally disabled people in Arizona. A.R.S. §41-2451 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.

The Council's Role

A.R.S. §41-2452 establishes the Council as Arizona's advocacy and planning body for persons with developmental disabilities. The Council's statutory purpose is "to ensure that persons with developmental disabilities receive the care necessary for them to reach their maximum potential." The Council was established in 1978 under executive order as the Arizona Developmental Disabilities Planning and Advocacy Council, and statutorily established in 1983 as the Governor's Council on Developmental Disabilities.

The federal government plays a significant role in mandating Council activities and funding them. The federal Developmental Disabilities Assistance and Bill of Rights Act of 1984 di-

rected federal monies to states to provide advocacy and planning services to the developmentally disabled. As such, the federal government mandated a separate entity other than the state agency involved in coordinating and funding services to the developmentally disabled, which in Arizona is the Department of Economic Security (DES). The Council serves as Arizona's separate entity. As part of its federal mandate, the Council develops a three-year State Plan that addresses federal goals and objectives.

The Council achieves most of its State Plan goals and objectives through contracts with six district councils. These are separate not-for-profit entities that contract with the Council and others to provide services to the developmentally disabled. The six district councils are located in the same geographical areas as the six regional districts of DES' Division of Developmental Disabilities.

Organization

The Council is comprised of up to 23 members appointed by the Governor. By statute, the members must represent people with developmental disabilities, parents and guardians of people with developmental disabilities, and representatives from state agencies delivering services to the developmentally disabled. The Council is organized into four standing committees. The Executive Committee oversees the budget and allocates project monies. The Planning Committee coordinates Council efforts with other state agencies and evaluates the feasibility of proposed projects. The Legislative Committee proposes, reviews, and monitors legislative issues affecting Arizona's developmentally disabled citizens and their families. The Monitoring and Evaluation Committee evaluates Council projects and contracts to ensure the Council's mission and goals are being met.

Six full-time staff support Council activities. Staff include an executive director, two planners, a program and project specialist, and two administrative staff.

Federal law requires the Council to be placed under the auspices of an administering agency to assist the Council and its staff with administrative functions. The Council's administering agency is the Department of Economic Security (DES). In this capacity, DES provides the Council with administrative services such as accounting, contracting, and personnel services. For these services, DES may receive up to 5 percent of the Council's total yearly budget or \$50,000, whichever is less. For fiscal year 1998, DES did not receive any compensation for services performed on the Council's behalf.

Budget

The Council is entirely federally funded under the Developmental Disabilities Assistance and Bill of Rights Act of 1984. Federal statute specifies certain Council expenditure allocations. At least 65 percent of Council monies must be allocated to develop and fund projects,

while no more than 35 percent can go toward administrative and planning activities. The Council operates on a federal fiscal year (October 1 through September 30). Table 1 (see page 4) shows Council appropriations and expenditures for fiscal years 1995-96 through 1997-98.

Audit Scope and Methodology

The audit focused on the Council's contracts with six regional district councils and whether more effective oversight of the Council's contracts and its district councils could help it better achieve its mission. The report also includes the 12 factors that the Legislature should consider in determining whether the Governor's Council on Developmental Disabilities should be continued or terminated.

Auditors used several methods to review the issues presented in this report. They compared federal legislation with the Council's three-year State Plan to determine if the Council is meeting its federal requirements. Next, auditors compared the State Plan with the Council's six district council contracts to determine if all State Plan goals and objectives are covered by the contracts. Additionally, auditors reviewed district council quarterly reports to ascertain if the district councils were adequately meeting their contract specifications. Auditors also reviewed the district councils' independent audit reports and other non-Council contracts to obtain an understanding of district council operations. Finally, auditors conducted a survey of developmental disability council executive directors in ten other states to identify criteria for improving the Council.¹ The states were selected based on their demographic similarity to Arizona and their innovative work with developmental disabilities issues.

Key persons interviewed during this audit include the Council Executive Director and staff, five Council members, the six district council directors, and representatives of five Arizona advocacy organizations. In addition, auditors attended two full Council meetings and eight Council standing committee meetings.

This audit was performed in accordance with government auditing standards.

The Auditor General and staff express appreciation to the Council, the Executive Director and staff of the Council, district council directors and staff, and advocacy organization representatives for their cooperation and assistance during the audit.

¹ The ten other states contacted during the audit include California, Colorado, Hawaii, Iowa, Massachusetts, Minnesota, Missouri, New Jersey, Oregon, and Utah.

Table 1

**Governor's Council on Developmental Disabilities
Statement of Revenues, Expenditures, and Operating Transfers¹
Years Ended June 30, 1996, 1997, and 1998
(Unaudited)**

	1996	1997	1998
Revenues:			
Federal grants	\$ 988,745	\$932,061	\$853,154
State in-kind contributions ²	39,093	34,638	34,679
Other		<u>1,337</u>	
Total revenues	<u>1,027,838</u>	<u>968,036</u>	<u>887,833</u>
Expenditures:			
Personal services	202,529	180,024	172,827
Employee related	45,849	40,596	41,248
Professional and outside services	10,619	10,757	15,752
Travel	38,664	20,203	14,989
Aid to individuals	674,353	619,243	570,276
Other operating	69,362	49,903	53,059
Capital outlay	<u>1,508</u>	<u>773</u>	<u>730</u>
Total expenditures	<u>1,042,884</u>	<u>921,499</u>	<u>868,881</u>
Excess of revenues over (under) expenditures	<u>\$ (15,046)</u>	<u>\$ 46,537</u>	<u>\$ 18,952</u>

¹ The Department of Economic Security accounts for the Council's financial transactions and activities, identifying them by a separate account code in the Department's General Fund. However, the Department does not maintain fund balances at the activity level. Consequently, the Council's fund balance is not readily determinable.

² Represents the value of administrative services, such as accounting, contracting, and personnel services, contributed by the Department to the Council.

Source: The Council's listing of revenues and the Department of Economic Security's Financial Management Control System *Summary Trial Balance by Fund* report for the years ended June 30, 1996, 1997, and 1998.

FINDING I

GOVERNOR'S COUNCIL SHOULD CONTINUE INCREASED EMPHASIS ON CONTRACT OVERSIGHT

The Governor's Council on Developmental Disabilities (Council) should continue its recent efforts to improve its oversight of district council contracts. Although the Council contracts with six regional district councils to implement its goals, the contracts have not adequately specified Council objectives and have not been adequately monitored. However, under new leadership, the Council has taken a more active role in overseeing its contracts. In addition to these recent activities, the Council could implement several other changes that will help ensure its goals are met and that Arizona's developmentally disabled citizens are adequately served.

Contracts with District Councils Primary Method of Achieving Goals

The Council works to address important issues facing Arizona's developmentally disabled citizens and their families. In doing so, the Council develops a three-year State Plan, which is approved by the U.S. Department of Health and Human Services. Under the 1984 federal Developmental Disabilities Assistance and Bill of Rights Act, state developmental disabilities councils must promote two of four federal goals, including employment, in order to receive federal funding for developmental disability advocacy and related activities. Over the years, the Council has prepared several State Plans, which identify important issues facing Arizona's developmentally disabled citizens. The current State Plan (federal fiscal years 1998-2000) focuses the Council's efforts in four major goal areas: Leadership/Self-Determination, which increases self-sufficiency for citizens with developmental disabilities; Education, including access to related services such as assistive technology; Employment opportunities and training; and Family Support, to help families of the developmentally disabled.

The Council's goals are primarily achieved through annual contracts with six regional district councils, which are located in Scottsdale, Tucson, Prescott, Kingman, Apache Junction, and Benson. As specified in their Council contracts, these district councils serve their local developmentally disabled citizens in several ways: providing advocacy, such as informing the Council about problems facing developmentally disabled citizens in their local communities; providing information regarding local service providers and services offered; and referring developmentally disabled citizens and their families to needed services.

Past Contract Oversight Problems Hampered Council Efforts to Ensure Goals Were Achieved

Although the Council has recently identified the need for increased oversight, historically, the Council has not adequately monitored district councils or their contracts to ensure that all State Plan goals and objectives are met. The Council's prior contracting process did not ensure all Council goals were addressed. Further, our review found that the district councils are not performing all of the work specified in their contracts. In addition, district councils' work involving non-Council contracts may impact the resources used to meet Council goals and objectives. Finally, although the Council requires its district councils to report on their activities, the Council has not historically used this information to track and ensure that contractually mandated activities are performed.

Contracting process was problematic—Prior to the federal fiscal year 1999 contracting period, the Council's contracting process created problems that impaired its ability to ensure district council contracts addressed all Council goals. Historically, district councils wrote their own contracts and submitted them to the Council for approval. This process was problematic in that the district councils' contract objectives did not correspond directly with the State Plan's goals, and Council staff did not review the contracts to ensure that the contractual requirements were sufficient to address the Council's State Plan goals. The district council contracts also varied in their format, which further complicated comparison of district council contracts to Council goals.

To correct these problems, the Council Executive Director implemented a new process for contracting with district councils for federal fiscal year 1999. The contracting process now reflects a "top-down" approach in which the Council develops the contracts specifying which goals the district councils are expected to address. District councils are now given a scope of work, prior to contracting, which lists specific State Plan objectives to be achieved during the contract year. Moreover, Council staff are now responsible for ensuring that all district council contracts collectively address all Council goals and objectives contained in the State Plan.

District councils not performing in accordance with contract requirements—While contracts for federal fiscal year 1999 have been revised to more clearly specify what the Council expects of the district councils, the Council has not ensured that its district councils are achieving contract specifications. Auditors reviewed district council quarterly reports for the current contract year and found that several district council quarterly progress reports either did not address contract reporting requirements or showed little progress in performing specific contract requirements. For example:

- All six district council contracts contain a Council Goal to "establish a family support group through each district council to assess the implementation of Family Support."

However, three of the district councils are making little progress in initiating Family Support group efforts or collaborating with other related entities, such as the Department of Economic Security (DES) Division of Developmental Disabilities offices located in the same regions as the district councils. Collaboration with other entities could provide increased information and resources to developmentally disabled citizens and their families, which is the primary purpose of the Family Support goal.

- All six district council contracts contain a Council Goal to “increase participation of individuals with developmental disabilities and/or their family members in leadership development programs.” Four of the district councils made little or no progress during the first six months of their current contracts, even though progress in this area could help increase the self-sufficiency of developmentally disabled citizens.

Non-Council contracts could take resources away from Council goal achievement—Several district councils’ work on non-Council contracts may have impacted the time and resources expended to meet Council contractual goals. District councils are non-profit corporations and may enter into non-Council contracts. During federal fiscal year 1996, four of the six district councils had at least one non-Council contract. These contracts came from a variety of sources, such as the Rehabilitative Services Administration of DES, Arizona Department of Transportation, and Easter Seals. These contracts averaged 67 percent of the funding for these district councils (see Appendix, page a-i).

The district councils’ staff and resources used to fulfill these non-Council contracts can present problems for the Council, especially if the work is performed using resources funded by the Council. For example, one district council has a full-time director and secretary specified in its Council contract. However, this district council director also works full-time under a non-Council contract at the same time. As a result, Council-supported staff also administer the non-Council activities, thus taking time and resources away from contractually mandated Council duties. Therefore, the Council should address whether district councils use staff and resources paid for under Council contracts to perform non-Council contract work.

Monitoring of district council contract activities historically insufficient—Until recently, the Council did not sufficiently monitor its district council activities. Although the Council has several sources of useful information for determining the district councils’ performance of contract specifications, such as quarterly reports, site visits, and independent audit reports, it did not fully use those monitoring tools in the past.

- **Quarterly Reports**—Historically, the Council and its staff have not used quarterly reports to ensure that district councils are making adequate progress toward contract performance and addressing the Council’s goals and objectives. District councils are required to submit quarterly reports to Council staff, which document their progress in meeting all contract requirements. As mentioned previously, auditors’ review of the

quarterly reports revealed that several district councils had performed little or no activity on several of the goals. Timely and thorough review of the quarterly reports can provide the Council an assessment of progress-to-date on the goals. Thus, the Council staff could then provide feedback and take other actions as needed to ensure that contract requirements will be met.

The Council is beginning to address concerns with district council quarterly reports. Until recently, the Council staff has never specified a standard reporting format for the quarterly reports, which would facilitate comparison with contract specifications and identification of inadequate district council performance. The Council Executive Director recently assigned one staff person responsibility for monitoring district council quarterly reports and comparing them with district council contracts to ensure contractual obligations are met. District councils are now provided feedback regarding the adequacy of their quarterly reports, including progress on Council goals.

- **Site Visits**—As was found in the 1988 audit, the Council members and staff have continued to encounter difficulty performing site visits of its district councils. Site visits can provide the Council with important information on district council operations and help the Council identify inadequate performance. However, the Council staff performed only three site visits for the year ended September 30, 1996, and none in 1995. In addition, the Council staff had not specified a standard format or purpose for site visits. As a result, some district council directors had questioned the purpose and usefulness of these visits. To help rectify this situation, the Council staff has recently developed a standard format for site visits, developed training for its Council members prior to their making any future visits, and assigned one Council staff person oversight responsibility for site visits. As of August 1998, the Council members and staff have performed site visits of all six district councils.

- **Independent Audit Reports**—Prior to the hiring of the current Executive Director in July 1997, it appears the Council did not review or question the findings of annual district council independent audit reports, which are required under the Council contracts. These audit reports contain important information, such as financial discrepancies, operating problems, and other work being performed by the district councils. They provide the Council with valuable insight into district council operations and help the Council make informed decisions regarding its contracts. In one case, it appears the Council and its staff did not review or retain one district council's 1996 independent audit report. This report noted approximately \$6,500 in questionable expenditures, including \$2,800 in undocumented travel expenses for the former director. However, the current Council Executive Director has since reviewed the audit report and requested and received documentation of the expenditures and reimbursement for approximately \$2,800 in undocumented expenses.

Additional Changes Can Help Ensure Contract Requirements Are Met

In addition to the Council's recent oversight activities, the Council should consider other options to help ensure its contract requirements are met. First, district council contracts should be annually reviewed, and revised as necessary, to ensure all Council goals are addressed. Second, funding could be withheld for partial or complete nonperformance of contractual mandates. Third, using outcome-based contracts could help the Council measure district councils' performance and hold them accountable in the future. Finally, the Council could use competitive bidding to promote competition and help ensure its goals are met.

Contract review and revisions warranted—Better development of district council contracts is necessary to ensure Council goals are addressed. The Council has contracted with the district councils for several years. However, as noted previously, the prior contracting process, which allowed district councils to write their own contracts with little involvement from Council staff, contributed to incomplete and inconsistent contracts. Because contracts are awarded annually and expire on September 30, the Council has the opportunity to annually address contract deficiencies. Currently, the Council is developing new contracts for federal fiscal year 1999 to ensure all facets of its State Plan that can be addressed by the district councils are included.

Revision of district council contracts can also help ensure district councils fulfill Council goals. The Council should determine if completion of its state plan goals satisfies contractual requirements or if additional specifications regarding district council staffing are warranted. If necessary, the Council can contractually specify the hours or percentage of district council staff time to be spent on Council contractual activities.

Council could withhold district council funding—The Council could also withhold district council funding to address performance problems. Each quarter, the Council prepays the district councils one-fourth of the total funding specified in the contracts. As specified in its contracts, the Council does have the option of withholding funding if some contractual requirements are not met. In fact, the Council's new Executive Director recently withheld one district council's funding for complete nonperformance of contractual obligations. Although the district council lacked a director and did not operate for six months, the Council still paid the district council over \$46,000 during this period. After reviewing the district council's quarterly reports and independent audit report, the new Council Executive Director withheld approximately \$24,000 to reflect staff vacancies and related expenditures in the director's office during this six-month period. The Council Executive Director determined that the remaining monies were appropriately spent on subcontractors who worked during this period.

Although the above case illustrates an extreme example of district council nonperformance, the Council had not previously withheld funding for merely substandard district council performance either. In contrast, 4 of 10 states contacted during the audit have either withheld funding or canceled contracts due to substandard performance.

Outcome-based contracts improve accountability—In addition to withholding funding for inadequate performance, the Council should revise its district council contracts to be more outcome oriented. Outcome-based contracts can help the Council better determine whether its efforts are positively impacting Arizona’s developmentally disabled citizens and help it hold its district councils accountable for their performance. Even though the current contracts specify district council activities, the contracts do not focus on the outcomes or overall effect of their efforts. For example, one Council Employment Goal specifies that district councils will “increase initiatives in transition and post secondary education to enhance employment opportunities.” A more outcome-based objective would focus on the number of jobs that developmentally disabled citizens obtain as a direct result of district council efforts.

The federal government is placing an increasing emphasis on outcome-based contracting and accountability, according to the U.S. Department of Health and Human Services representative who oversees state developmental disability councils. In addition, several state developmental disabilities councils, such as California, Colorado, Iowa, Missouri, and Oregon, have also moved to outcome-oriented contracting.

Competitive bidding could help ensure adequate performance—Finally, competitive bidding is available to the Council to help ensure its goals are met in the districts. Currently, the Council issues sole source contracts to the district councils in each of the six districts. The Council has been contracting with these same district councils for many years. Instead, the Council may consider issuing Requests for Proposals (RFPs) to promote competition and ensure adequate performance of its contracts. Comparatively, 9 of 10 states surveyed during the audit use either an RFP-only contracting process or a combination of RFPs and sole source contracts. An RFP process could allow the Council to contract with organizations specializing in its goal areas. One organization could coordinate employment training and entrepreneurship opportunities for developmentally disabled citizens statewide, which could increase networking opportunities and facilitate the use of best practices learned from local experiences.

Recommendations

The Governor's Council on Developmental Disabilities should continue its efforts to enhance contract monitoring by:

1. Reviewing its district council contracts to ensure that all Council goals and objectives are addressed.
2. Holding its district councils to all contract specifications by continuing to:
 - a. Review and compare district council quarterly reports against contract specifications;
 - b. Conduct regular site visits of its district councils; and
 - c. Review district council independent audit reports.
3. Continuing to withhold district council funding for nonperformance of contract specifications.
4. Revising district council contracts to reflect more outcome-based performance measures.
5. Considering a Request for Proposal (RFP) process to ensure contract specifications are effectively met.

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SUNSET FACTORS

In accordance with A.R.S. §41-2954, the Legislature should consider the following 12 factors in determining whether the Governor’s Council on Developmental Disabilities (Council) should be continued or terminated.

1. The objective and purpose in establishing the Council.

The Council is Arizona’s advocacy and planning body for persons with developmental disabilities. The Council consists of no more than 23 members appointed by the Governor for three-year terms. The Council statute states that the purpose of the Council is “to ensure that persons with developmental disabilities receive the care necessary for them to reach their maximum potential.” The Council addresses this responsibility in the following ways:

- Identifying unmet needs for providing services to the developmentally disabled through public input via Council meetings and district council feedback.
- Developing a three-year State Plan that establishes and prioritizes goals for addressing those issues or problems.
- Funding projects to meet goals outlined in its three-year State Plan.

In addition, A.R.S. §41-2454 lists the Council’s duties, which include serving as a forum for issues concerning the developmentally disabled, advising private and public officials on current programs and policies, reviewing Arizona’s service plans, and monitoring programs and services to the developmentally disabled population. The Council also facilitates a statewide community information and advocacy network through its contracts with six regional district councils. These district councils serve as the Council’s primary contact with developmentally disabled citizens and their families at the local level. Under contract specifications, the district councils serve developmentally disabled citizens and their families by providing information on local services and service providers; employment and rights training workshops; coordination with other agencies and organizations, such as the Department of Economic Security; and advocacy for problems arising in their local communities.

2. The effectiveness with which the Council has met its objective and purpose and the efficiency with which it has operated.

The Council can increase its effectiveness in meeting its mission and goals specified in its State Plan through continued improvements in oversight of its district council contracts. Although the Council contracts with six regional district councils to provide advocacy, information, and referral services to local developmentally disabled citizens, the Council has not historically ensured that contracts, collectively, reflect all of the Council's goals. Further, until recently, the Council has provided inadequate oversight of its contracts by not ensuring district councils perform all contractual mandates. Although the Council has several useful sources of information, it has not adequately used this information to evaluate district council performance in the past (see Finding I, pages 5 through 11).

3. The extent to which the Council has operated within the public interest.

Generally, the Council has operated within the public interest by assisting developmentally disabled citizens and their families through promoting changes in the developmental disabilities service delivery system, advocacy, and increased independence. Specifically, the Council works toward four principal goals:

Self-Determination/Leadership Development—Providing increased independence for individuals and their families through participation in self-advocacy training so they have knowledge and control over their own lives.

Education—Providing advocacy for a free appropriate public education for all students with disabilities, including adequate funding for related services. Provides training in education advocacy and promotes a fair due process system and dispute resolution when students are not receiving appropriate education and necessary related services.

Employment—Increasing opportunities for individuals to become employed through changes in public policy and demonstration of an entrepreneurship project.

Family Support—Providing advocacy for increased implementation of family and individual supports within the community and through grassroots involvement of families in formal Family Support Groups.

Additionally, the Council has shown significant involvement in legislative advocacy, and has funded projects to address unmet needs of developmentally disabled individuals, and co-sponsored or partnered many conferences pertaining to developmental disability issues.

4. The extent to which rules adopted by the Council are consistent with the legislative mandate.

According to the Governor's Regulatory Review Council, the Council does not have rule-making authority.

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

Although the Council does not have rule-making authority, it is required to seek public input on the three-year State Plan it sends to the federal government. The Council has used various methods to seek input, including newsletters, public forums, and special meetings to inform the public and get input on Council priorities and activities.

Finally, the Board has generally complied with the Open Meeting Law. However, the Council's Executive Committee has violated the Open Meeting Law on two occasions. In 1997, the Executive Committee held two conference calls to discuss funding of its district council contracts. These meetings violated A.R.S. §38-431.01(A) and (B) by failing to provide public notice of the meeting times and places and by not retaining any documentation of the meetings or decisions reached.

6. The extent to which the Council has been able to investigate and resolve complaints that are within its jurisdiction.

The Council's enabling statute does not establish a formal complaint investigation and resolution process. However, according to the Executive Director, the Council does handle concerns and complaints received from consumers and family members. Since the investigation and resolution is most often handled with a few phone calls, the Council does not formally track concerns and complaints it receives. More in-depth situations require letters being sent or meetings with stakeholders. Additionally, most of its district councils also handle complaints through individual advocacy calls, meetings, and training sessions.

7. The extent to which the attorney general or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.

This factor is not applicable to the Council.

8. **The extent to which the Council has addressed deficiencies in its enabling statutes which prevent it from fulfilling its statutory mandate.**

The Council has sought technical and administrative changes to Board statutes over the years. However, the most recent legislation was passed in 1986, which increased the number of council members from 17 to no more than 23.

9. **The extent to which changes are necessary in the laws of the Council to adequately comply with the factors listed in this subsection.**

Based on our audit work, no statutory changes related to the Council's laws are recommended.

10. **The extent to which the termination of the Council would significantly harm the public health, safety or welfare.**

Termination of the Council would not significantly harm the health, safety, or welfare of the State's developmentally disabled population. However, if the Council were terminated, Arizona's developmentally disabled citizens would lose a resource that serves as a statewide advocate and funds projects to identify and meet the needs of the developmentally disabled community. In addition, Arizona must have a Council, independent of service providers such as the Department of Economic Security, to receive its allotted share of federal money, which amounted to approximately \$853,000 for fiscal year 1998, according to Council estimates.

11. **The extent to which the level of regulation exercised by the Council is appropriate and whether less or more stringent levels of regulation would be appropriate.**

Since the Council is not a regulatory body, this factor does not apply.

12. **The extent to which the Council has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished.**

The Council relies on private contractors to assist in performing several important duties. For example, the Council funds the six nonprofit district councils to assist it in achieving its goals for persons with developmental disabilities. Additionally, it gives the Arizona Center for Disability Law funding to provide statewide legal advocacy services to the developmentally disabled. Periodically, the Council also funds other private contractors for a variety of services.

Agency Response

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September 14, 1998

Mr. Douglas Norton
Office of the Auditor General
2910 N. 44th St., Suite 410
Phoenix, AZ 85018

Dear Mr. Norton:

The Governor's Council on Developmental Disabilities has reviewed the revised draft report from your office. The Governor's Council wishes to thank all audit staff for reflecting changes discussed during the August 26, 1998 meeting.

The Governor's Council on Developmental Disabilities will continue its efforts to enhance contract monitoring. From the report, the following recommendations follow:

- 1. The Council will review its District Council contracts to ensure all Council goals and objectives are addressed.**

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

- 2. Holding its District Councils to all contract specifications by continuing to:**
 - a) Review and compare District Council quarterly reports against contract specifications**
 - b) Conduct regular site visits of its District Councils; and**
 - c) Review District Council independent audit reports.**

The finding of the Auditor General is agreed to and the audit recommendations will be implemented.

- 3. Continuing to withhold District Council funding for non-performance of contract specifications.**

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

4. Revising District Council contracts to reflect more outcome-based performance measures.

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

5. Considering a Request for Proposal (RFP) process to ensure contract specifications are effectively met.

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

The Governor's Council members and staff again wishes to thank the Auditor General's Office staff for their professional and thorough job during the performance audit. The audit team was receptive and kept staff well informed during the various stages of the audit.

Sincerely,

Helen Baldino
Chairperson

Susan Madison
Executive Director

Appendix

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Appendix

Table 2

Governor's Council on Developmental Disabilities District Council Contracts Year Ended September 30, 1996

District Councils	Governor's Council Contract Amounts	Other Contract Amounts	District Council Total Contract Amounts	Other Contracts as Percentage of Total	Source of Other Contracts
1	\$ 78,977	\$208,116	\$ 287,093	72%	AZ Early Intervention Program (DES)
2	115,573		115,573	N/A	
3	83,095	86,509	169,604	51	Rural Public Transportation (ADOT) and Easter Seals Project ACTION
4	83,349	284,963	368,312	77	Community Development Grant and Interagency Coordinating Council
5	62,415	46,720	109,135	43	Rehabilitative Services Administration (DES)
6	<u>69,018</u>	_____	<u>69,018</u>	N/A	
Total amounts	<u>\$492,427</u>	<u>\$626,308</u>	<u>\$1,118,735</u>		
Total other contract amounts as a percentage of the total contract amounts for Districts 1, 3, 4, and 5				67%	

Source: Auditor General staff analysis of district council contracts for the year ended September 30, 1996.
