

DCS fails to monitor all kids, audit says

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Despite promises by the state Department of Children's Services to revamp its beleaguered agency, including hiring 121 new caseworkers last year, DCS continues to have trouble keeping track of some of its children and managing its money, auditors have found.

In a report to be delivered to federal officials tomorrow, state auditors also say TennCare improperly paid DCS about \$13 million for psychiatric services for children who aren't in state custody. And, they found, for the seventh year in a row, DCS still struggles to recoup \$1.2 million in improper overpayments made to foster parents and adoption services.

The most disturbing finding, child-care advocates say, is the agency's failure to monitor some kids in its care.

In 26% of cases surveyed, state auditors found "significant gaps" in the amount of time between caseworker visits or phone calls to foster families. The gaps, during which no state worker checked on the children, ranged from 61 to 565 days.

"That's awful," said Rep. Carol Chumney, D-Memphis, chairwoman of the state House committee on Children and Family Affairs.

"That's a very long time in the life of a child," she said. "And these are children that have been abused and neglected already, and certainly we don't need the state to be a part of perpetuating what these children have already experienced in their own lives."

Chumney added, "I know the department has been given funds to add caseworkers, upgrade their computer system and add attorneys and paralegals, ... and the department has made some improvements, but they haven't gone far and fast enough to protect the children."

DCS spokeswoman Carla Aaron said agency officials familiar with the contents of the audit were unavailable for comment late Friday. But, she noted, DCS officials said in written responses to the auditors that they agreed with many findings and are working diligently to correct problems.

"We're making strides in certain areas," Aaron said. "It's a continuous process. ... We're making progress and doing our best to meet the needs of the children."

The new findings criticizing DCS management come as the agency continues to hire more caseworkers, pleads for more funds from state lawmakers and fights a federal class-action lawsuit that alleges the state's child welfare system is "grossly mismanaged."

U.S. District Judge Todd Campbell last year refused to grant DCS' requests to dismiss the case, and lawyers for the foster children and DCS are now engaged in confidential settlement talks.

The attorney for the foster-care children, David Raybin, said he couldn't comment on the settlement discussions but said of the audit: "It is disappointing that the situation for the foster-care children has not improved over the last year. Foster-care children deserve a more effective and efficient use of state funds."

DCS, responsible for the care of 10,363 foster children in Tennessee and 590 more incarcerated in juvenile facilities, has about 3,000 employees and an annual budget of \$483 million, about 44% of its state funds. This year, DCS has asked for \$23 million more in state money, including \$2.7 million to increase stipends to foster parents.

Much of the remaining extra money is for improvement in foster care and adoption, in response to a recent consultant's report by the Child Welfare League of America, which recommended adding more caseworkers and increasing payments to foster-care parents.

The new audit report by the state Comptroller of the Treasury detailing continuing problems at DCS is part of an annual accounting document called the Single Audit Report, a 371-page report delivered to various state officials late Friday.

Among the findings:

- For the second year in a row, state auditors found that caseworkers do not adequately update the case files of children in DCS custody — kids living with foster parents or in a juvenile detention facility.

In a sample of 100 cases, auditors found 26 with "significant gaps" between caseworker contacts with the child.

In response, DCS said its goal is to check in with each child once a month and told the auditors that a new computer system should help it achieve that goal. DCS also said the situation should improve once it hires 189 new caseworkers, positions recently authorized by the legislature.

- For the second year in a row, DCS incorrectly billed TennCare for more than \$13 million for psychiatric services for kids not in state custody, or who were otherwise ineligible.

Auditors also found "numerous" cases where the same private health providers were paid twice for the same services.

In response, TennCare told the auditors it was working with DCS to remedy the problem. Auditors, however, suggested DCS and TennCare need to improve their internal accounting procedures.

- For the seventh year in a row, auditors found that DCS still has uncollected overpayments totaling \$1.2 million in foster-care and adoption assistance overpayments to parents.

Auditors blamed the problem on the failure of some DCS employees to properly enter information into the agency's computer database when a child's status changes, especially when a child leaves DCS custody and is no longer eligible for government funds.

In response, DCS officials said they have begun withholding 50% of current funds paid to parents who have been overpaid in the past. DCS also said it is considering hiring a collection agency and taking legal action to try to recoup the overpayments.

However, auditors said that the total amount of overpayments grew last year, instead of shrinking, and that "the department is not actively pursuing recovery of funds" from parents who are no longer keeping children. Auditors also found DCS made another \$545,000 worth of foster-care overpayments last year.

Chumney said she expects to hold a legislative hearing on the audit next week.