

LARIMER COUNTY INTERAGENCY OVERSIGHT GROUP (LCIOG)

DECEMBER 11, 2014

11:30 PM – 1:00 PM

LARIMER COUNTY COURT HOUSE

200 WEST OAK STREET

CARTER LAKE ROOM, 1st FLOOR

FORT COLLINS, CO 80521

Voting Members in attendance: Michelle Brinegar, Dale Lake, Greg Ketchum, Randy Ratliff, John Rattle, Darcie Votipka, Mike Ruttenberg, Jenny Ellison, Jim Drendel, Avie Strand, Charlie Carter, Cyndi Dodds, Josi McCauley, Alex Murphy

Non-Voting Members in attendance: Thad Paul, Greg Otte, Bob Bauman, John Jostad

Guest: Jessica (intern of Greg Ketchum's)

Recorder: Deb Bowen

- I. Call to order by Michelle Brinegar at 11:35 AM
- II. Welcome and Introductions around the table.
- III. Review and Approval of Minutes September 11, 2014.
 - *Motion to approve minutes by John Rattle, seconded by Jim Drendel. All in favor, motion passed.*
- IV. January 8, 2015 – CSU Phase II Research Meeting
 - Discussion on what information will be presented at the annual presentation and update of the child welfare outcomes along with CSU's research. Highlight our uniqueness and how we operate differently from other county interagency oversight groups. Report on our achievements, update the community on our recent meeting with State Legislators, and share FAPT family videos. A panel discussion will be presented from our providers of family advocates, coaches and family meetings.
 - Invite State Legislators to the meeting.
- V. Review HB-1451 Audit – *(HB1451 portion attached)*
 - Counties participating in HB-1451 are not all following the same format for the Memorandum of Understanding (MOU) between the County and the State. Larimer County has always followed the correct format.
 - Three State committees will be formed and work will begin on a new HB-1451 format for MOUs and outcomes for the future. Looking for new outcomes that all counties statewide agree to perform. The three committees are: MOU, performance outcomes and allocation. Judy Rodriguez will be Larimer County's representative on all three committees. *(Judy will be a Larimer County employee by 1/9/15.)* All LCIOG members are welcome to join any of the committees, just let Deb Bowen know if you are interested.
 - Small counties want the same services and funding as large counties. Meaningful minimum makes sense.
 - By February 6, 2015, a final draft of the new format for the MOU will be available for the May 2015 submittal of MOUs by Counties. The MOU will have a new format for next year.
 - The audit had a recommendation that the Child Welfare allocation help allocate the HB-1451 funds. We do not feel that is the correct solution.
 - Does DHS have the authority to allocate savings? There is no single point for data collection. Each county reports data differently. Single point of data and performance measures must be measurable and show how outcomes are impacted. Everything is intertwined.
 - Reggie Bicha, Executive Director of Colorado Dept. of Human Services, defended the overall audit on county items that the auditors found fault with. Auditors had some incorrect findings and Reggie backed the findings up with the correct information. Reggie supports county supported child welfare.
- VI. Budget – *(attached)*
- VII. Old Business – We felt we made a positive impact on the State Legislators that attended our HB-1451 presentation we made to them on October 8, 2014.
- VIII. New Business – None
- IX. Next Meeting:

January 8, 2015
9:00 – 11:30 CSU 9th Annual Phase II Outcomes Study Presentation
11:30 – 1:00 LCIOG Meeting
Larimer County Court House
200 West Oak Street
Commissioners Hearing Room, 1st Floor
Fort Collins

X. Adjourn 1:00 PM

Notes Submitted by Deb Bowen

LCIOG BUDGET/EXPENDITURES FY15									
Program	Average Clients Served Per Month	HB1451 FY15 BUDGET	1451 EXP* YEAR TO DATE thru OCT 2014	Actual DHS Covered** Year to Date thru Oct 2014	DHS** Estimated Coverage By CORE/Block	NET HB1451*** Projected Expenditures	Total Projected Expenditures		
Coaches		\$250,000	\$67,500			\$202,500	\$202,500		
20% FAPT Coordinator Salary(Plus Difference to Title)		\$20,000	\$6,921	\$6,921	\$20,763	\$0	\$20,763		
Family Advocates		\$102,900	\$36,485	\$36,485	\$109,455	\$0	\$109,455		
FPT/MST/FCC/In Home		\$60,000	\$21			\$63	\$63		
Trauma Informed Care		\$5,000	\$159			\$478	\$478		
LCIRC (Offense Specific Program)		\$131,800	\$36,214		\$35,000	\$73,642	\$108,642		
Prevention Plus Pathways		\$170,750	\$50,407		\$87,100	\$64,121	\$151,221		
School Truancy Programs		\$38,872	\$9,332			\$27,996	\$27,996		
Extra Funding Highest Level FAPT Youth		\$112,000	\$17,453		\$52,359	\$0	\$52,359		
Services Approved through FAPT		\$72,000	\$52,976		\$112,323	\$46,605	\$158,928		
Total Budget		\$963,322	\$277,468	\$43,406	\$417,000	\$415,405	\$832,405		
*Gross Expenditures includes all costs, including those covered by CORE/CW that would have been applied to 1451									
**1451 Program Costs estimated/actual funded by DHS as part of support to 1451									
***Net Exp Is Projected 1451 costs less projected DHS coverage									
Net Projected Expenses from LCIOG Funding						\$415,405			

COLLABORATIVE MANAGEMENT PROGRAM

The General Assembly created the Collaborative Management Program (CMP) in 2004 to encourage and reward collaboration among the local and state social service systems—such as child welfare, mental health, and local school districts—that serve children and families who are involved with these multiple systems. Statute establishes a framework for the CMP that is intended to create a “more uniform system of collaborative management” and accomplish the following four statutory goals [Section 24-1.9-101(3)(a), C.R.S.]:

- Reduce service duplication and eliminate fragmentation.
- Increase service quality, appropriateness, and effectiveness.
- Encourage cost sharing among providers.
- Lead to better outcomes and reduced costs for the services provided to participants.

Statute allows one or more county departments of human/social services to execute Memoranda of Understanding (MOUs) with other state and local social service agencies and involve the child and his or her family in managing services and developing an integrated treatment plan. For the purposes of this report, “CMP” refers to the combination of state and local social service agencies, including the Department, that together are involved in implementing collaborative management across the state.

COLLABORATIVE MANAGEMENT PROGRAM OVERSIGHT

By statute, oversight of, and accountability for, the CMP are shared between county-level programs and the Department.

COUNTY-LEVEL PROGRAMS. “County-level program”—the term used in this report to refer to the local-level programs created by county departments of human/social services and their partners as executed through MOUs—are responsible for day-to-day operation of the CMP and the provision of services to participating children and families. CMP participation by county departments of human/social services is voluntary, but to participate, each county or group of counties must agree to (1) enter into an MOU with representatives of state and county systems that serve children, and (2) create an Interagency Oversight Group (Oversight Group), which oversees the CMP at the local level. Statutes also authorize Oversight Groups to create individual service and support teams (Service Teams), which are multidisciplinary assessment and service teams that focus on developing an integrated service plan for a child and family [Section 24-1.9-102(1)(a), C.R.S.]. County participation in the CMP has increased from six counties in Fiscal Year 2006, to 35 counties, representing 32 county-level programs, in Fiscal Year 2013.

DEPARTMENT AND STATE BOARD OF HUMAN SERVICES (STATE BOARD). Statute (Section 24-1.9-101, et seq., C.R.S.) authorizes the Department and State Board to oversee specific aspects of the CMP. First, the Department, in conjunction with the Judicial Department, was required to develop a model MOU based on elements outlined in statute. Further, the Department is responsible for (1) specifying the performance measures that county-level programs must meet to be eligible for incentive funds, (2) determining the methodology for allocating incentive funds, (3) providing training and technical assistance, and (4) overseeing an external evaluation of the CMP. The State Board is responsible for approving the Department’s proposal for allocating incentive funds and for promulgating rules specifying

the “elements of collaborative management” and the method for determining “general fund savings.”

House Bill 08-1005 authorized the Department to contract for ongoing external evaluations of counties participating, as well as not participating, in the CMP. The Department and CMP stakeholders use the external evaluation to evaluate the CMP’s progress in meeting legislative intent and the goals outlined in statute. The Department’s evaluation contractor (contractor) was selected in 2009 to conduct a 5-year phased evaluation of the CMP, producing a report each year. The contractor maintains a database to support the evaluation, and began collecting county-submitted data on program participants in Fiscal Year 2012. The contractor also collects annual report data from county-level programs; these data are self-reported and unverified.

PARTICIPANTS, SERVICES, AND FUNDING

Statute requires CMP services to be targeted toward “children and families who would benefit from integrated multi-agency services” [Section 24-1.9-102(2)(c), C.R.S.]. Typically, these are children involved in the most complex social services cases and, thus, are the most costly to serve. Children and families who need services from multiple agencies may have more than one assessment, receive case management services from more than one caseworker, and have more than one case plan, increasing the cost and complexity of service delivery. The CMP intends to organize and integrate services around the child.

CMP services are unique to each county-level program but can include prevention, intervention, or treatment services; family stabilization services; out-of-home placement services; probation services; public assistance; medical assistance; and any other services that the parties to the MOU deem necessary. According to information reported by county-level programs to the Department, approximately 21,000

individuals (a duplicated figure that includes both children and family members) received services through the CMP in Fiscal Year 2013.

Statutes identify two funding sources for the CMP. First, Section 24-1.9-104, C.R.S., created the Performance-based Collaborative Management Incentive Cash Fund (Incentive Fund), funded by fees from divorce proceedings, as a source of funds to incentivize county participation in the CMP. The Department allocates incentive funds to county-level programs each fiscal year. Second, Section 24-1.9-102(2)(h)(I), C.R.S., requires county-level programs to determine general fund savings and allows them to retain the savings to reinvest in providing appropriate support to children and families who would benefit from collaborative management of treatment and services.

MEMORANDA OF UNDERSTANDING AND INCENTIVE FUNDING

In accordance with statute (Section 24-1.9-102, C.R.S.), the Department has jointly developed with the Judicial Department an MOU template and has created a checklist to assist county-level programs with developing their MOUs. In addition, the Department allocates incentive funds according to a formula described below, which was developed with input from county-level programs and was first implemented for the Fiscal Year 2006 performance period.

BASE ALLOCATION. The first incentive fund allocation is the base allocation or "meaningful minimum." The Department pays the meaningful minimum to county-level programs that execute an MOU and report meeting at least one of four of their performance measures. The meaningful minimum is \$33,500 if the county-level program operates in one of the 10 large counties (Adams, Arapahoe, Boulder, Denver, El Paso, Jefferson, Larimer, Mesa, Pueblo, or Weld). These counties represent about 85 percent of the child welfare workload. The meaningful minimum is \$25,500 if the county-level program operates in one of the remaining counties, or "balance-of-state" counties. Nine large counties (all but Arapahoe) and 26 balance-of-

state counties participate in the CMP. All county-level programs met at least one performance measure and received the meaningful minimum allocation for Fiscal Year 2013.

REMAINING ALLOCATION. Once the Department has paid out the meaningful minimum allocations, it allocates remaining incentive funds on a per-share basis to county-level programs that have reported achieving additional performance measures. The following three factors drive the number of shares county-level programs earn:

- **NUMBER OF PERFORMANCE MEASURES THE COUNTY-LEVEL PROGRAM REPORTED MEETING.** County-level programs must develop a total of four performance measures, one for each of four Department-specified domains: child welfare, juvenile justice, education, and health/mental health. Once county-level programs receive their meaningful minimum, they earn one additional share for meeting each additional performance measure.
- **PROPORTION OF THE CHILD WELFARE POPULATION SERVED BY THE COUNTY-LEVEL PROGRAM.** County-level programs receive one share if they estimate they will serve less than one-third of their child welfare population; two shares if they estimate they will serve between one-third and two-thirds of their child welfare population; and three shares if they estimate they will serve more than two-thirds of their child welfare population.
- **SIZE OF THE COUNTY.** The 10 large counties receive three shares, and the balance-of-state counties receive one share.

Exhibit 4.3 shows the number of shares county-level programs may earn based on the number of performance measures they report achieving, the proportion of child welfare population they estimate serving, and the size of the county.

EXHIBIT 4.3 PERFORMANCE-BASED COLLABORATIVE MANAGEMENT
 INCENTIVE CASH FUND
 ALLOCATION FACTORS AND SHARES EARNED
 REMAINDER OF INCENTIVE FUND ALLOCATION¹

PERFORMANCE MEASURES ACHIEVED ²	NUMBER OF SHARES EARNED PER FACTOR			COUNTY	SIZE OF COUNTY
	ONE	TWO	THREE		
	1	2	3		

SOURCE: Office of the State Auditor's analysis of documentation provided by the Department of Human Services.

¹Remainder of incentive fund allocation is paid out after county-level programs have received their base allocations or "meaningful minimums."

²Indicates the additional performance measures, in addition to the first performance measure, that each county-level program reported achieving.

The Department tallies the number of shares each county-level program has earned and calculates the total shares earned by all county-level programs. The Department then divides the remaining incentive funds by the total number of shares earned by all county-level programs to determine the allocation amount per share. Finally, the Department multiplies the allocation per share by the number of shares each county-level program earned to allocate remaining incentive funds.

Revenue and expenditures for the incentive fund have remained largely stable from Fiscal Years 2009 through 2013. On average, each year the incentive fund received approximately \$2.8 million in revenue from court fees and interest and had expenditures of approximately \$3.3 million, which were mainly for incentive payments to counties and payments to the evaluator. The expenditure amounts above the annual revenue are funded from a fund balance, which has decreased from approximately \$3.1 million at the start of Fiscal Year 2009 to approximately \$380,000 at the close of Fiscal Year 2013.

WHAT AUDIT WORK WAS PERFORMED AND WHAT WAS ITS PURPOSE?

We reviewed CMP statutes and rules and MOUs for all 32 county-level programs during Fiscal Year 2013 to determine whether required processes were included, county-submitted performance measures met statutory requirements, and MOUs met required deadlines. We conducted a detailed review of a sample of eight MOUs to determine whether they adequately addressed the “elements of collaborative management” outlined in statute and in rule. We interviewed Department staff and the contractor that conducts an annual evaluation of the CMP, conducted site visits at a sample of eight counties participating in the CMP, and talked to members of the CMP steering committee established by the Department. We reviewed the following materials to understand CMP operations and outcomes: the contractor’s annual evaluation reports for Fiscal Years 2012 and 2013, county-level program annual reports submitted for Fiscal Year 2013, the CMP handbook prepared by the steering committee, and other resources maintained on the CMP website. Finally, we reviewed the Department’s methodology for allocating incentive funds and the allocations made to county-level programs for the Fiscal Year 2013 performance cycle.

HOW WERE THE RESULTS OF THE AUDIT WORK MEASURED?

The General Assembly outlined specific processes that county-level programs must include when executing an MOU to participate in the CMP. These processes include:

- **ESTABLISHING COLLABORATIVE MANAGEMENT PROCESSES.** Statute [Section 24-1.9-102(2)(e), C.R.S.] requires county-level programs to establish “collaborative management processes” that address the following five elements: risk-sharing, resource-pooling, performance expectations, outcome-monitoring, and staff training. To assist with complying with this statutory requirement, the MOU template and

checklist require county-level programs to specify their collaborative management processes in their MOUs.

- **DEFINING THE TARGET POPULATION.** Statute broadly defines the target population as “children and families who would benefit from integrated multi-agency services.” However, statute also requires county-level programs to develop and include a functional definition of the targeted service population in their MOUs [Section 24-1.9-102(2)(c), C.R.S.]. The MOU template provides the following example of a functional definition for the target population: “children and families of children with complex needs...[which] include, but are not limited to, the need for substantial services and supports to address the areas of developmental, physical, and mental health; substance abuse; risk and/or criminal behaviors; homelessness; domestic violence; and abuse/neglect.” Rules (Section 7.303.36, 12 C.C.R. 2509-4) require the Department to approve the functional definition submitted by county-level programs.

In addition, the Department is responsible for allocating incentive fund monies to county-level programs that meet the following three conditions [Section 24-1.9-104(3)(a), C.R.S.]:

- Submit signed MOUs regarding collaborative management. Rules require county-level programs to submit, and the Department to accept, signed MOUs by July 1 of each fiscal year (Section 7.303.35, 12 C.C.R. 2509-4).
- Successfully implement the elements of collaborative management specified in rule.
- Meet or exceed the performance measures specified by the Department.

The statute does not provide specific guidance on what should be considered when allocating incentive funds.

WHAT PROBLEMS DID THE AUDIT WORK IDENTIFY?

MEMORANDA OF UNDERSTANDING

Although all 32 county-level programs have executed MOUs, we found that some of the required processes set forth in statute were not implemented by all county-level programs. Specifically:

SOME MOUS DID NOT ADDRESS THE FIVE COLLABORATIVE MANAGEMENT PROCESSES REQUIRED BY STATUTE. Five of the eight MOUs we reviewed in detail (63 percent) did not provide any information on how the county-level program planned to establish the collaborative management processes.

SOME COUNTY-LEVEL PROGRAMS DID NOT ALIGN THEIR TARGET SERVICE POPULATION WITH THE STATUTORY DEFINITION. Although all 32 county-level programs provided a functional definition for "children and families who would benefit from integrated multi-agency services," definitions varied widely, raising questions as to whether the definitions are consistent with statute. For example, out of our sample of eight counties, two counties' target populations included every child with an open child welfare case. However, not every child with an open child welfare case would necessarily benefit from integrated multi-agency services, the focus of the target population defined in statute. Despite the wide variation, the Department approved all of the functional definitions.

The Department's Fiscal Year 2013 external evaluation report points out variations across county-level programs in terms of both the defined target population and alignment with the statutory definition. According to the report, county-level programs reported that of the 3,153 newly-enrolled participants who were served by Service Teams and provided information on level of involvement with multiple agencies at enrollment, only 1,738 (55 percent) were receiving services from more than one agency at the time of enrollment. The evaluation results raise questions as to whether the other 45 percent of

participants, who were reportedly receiving services from only one agency, fit the statutory definition of benefitting from integrated multi-agency services.

INCENTIVE FUNDING

We found fundamental problems with the Department's allocation of \$1.3 million in incentive fund monies for the Fiscal Year 2013 performance cycle, as outlined below.

INCENTIVE FUNDS AWARDED WITHOUT ENSURING CONDITIONS REQUIRED IN STATUTE AND RULE WERE MET. For the Fiscal Year 2013 performance cycle, the Department did not verify that county-level programs met all applicable conditions before awarding incentive funds.

- **LATE MOUs.** The Department allocated incentive monies to 10 of 32 county-level programs (31 percent) that did not have MOUs submitted and accepted by the July 1, 2012, deadline. For these 10 county-level programs, the number of days late ranged from 9 to 72 days.
- **LACK OF EVIDENCE THAT THE ELEMENTS OF COLLABORATIVE MANAGEMENT SPECIFIED IN RULE WERE "SUCCESSFULLY IMPLEMENTED."** Seven of the eight MOUs reviewed in detail during our audit (88 percent) did not provide information on how the county-level program had or planned to address any of the six CMP components required by rule.
- **LACK OF DEPARTMENT-SPECIFIED PERFORMANCE MEASURES AND METHODS TO VERIFY PERFORMANCE RESULTS.** Once the Department "accepts" the MOUs and performance measures, the Department considers the measures to be "Department-specified." In total, county-level programs selected 128 different performance measures for Fiscal Year 2013. County-level programs indicated that developing their own performance measures allows them to focus their programs on the specific needs of their communities.

ALLOCATION METHODOLOGY DOES NOT APPEAR TO EQUITABLY INCENTIVIZE PERFORMANCE. Specifically:

- » **A GREATER PROPORTION OF INCENTIVE FUNDS GOES TO LARGE COUNTIES THAN TO BALANCE-OF-STATE COUNTIES.** For Fiscal Year 2013, large and balance-of-state county-level programs received base allocations of \$33,500 and \$25,500, respectively, for implementing CMP and meeting one performance measure. However, large counties received proportionally more incentive funds—about double—for achieving additional performance measures than balance-of-state counties. For example, El Paso County, a large county that estimated it would serve two-thirds or more of its child welfare population, received an additional \$33,607, or just over 100 percent of its base allocation, for meeting all three additional performance measures in Fiscal Year 2013. By contrast Lincoln County, a balance-of-state county that also estimated it would serve two-thirds or more of its child welfare population, received an additional \$11,202, or 44 percent of its base allocation, for meeting all three additional performance measures in Fiscal Year 2013. In other words, although both counties estimated they would serve the same percentage of their child welfare population, and both counties achieved all four performance measures, the large county received an incentive that was proportionally more than double the incentive provided to the balance-of-state county.

- » **BASE ALLOCATION DOES NOT REFLECT THE NUMBER OF PARTICIPANTS COUNTY-LEVEL PROGRAMS SERVE IN THE CMP.** Each of the nine large county-level programs received base allocations of \$33,500 in Fiscal Year 2013, but reported serving widely varying numbers of participants—as few as 84 in Pueblo County and as many as 3,634 in Larimer County. Similarly, each of the 23 balance-of-state county-level programs received base allocations of \$25,500 during Fiscal Year 2013, but reported serving as few as eight participants in Park County and as many as 2,058 participants in Fremont County. Further, two balance-of-state counties (Fremont and Chaffee) reported serving more participants than four large counties (Adams, El Paso, Jefferson, and Pueblo). However, Fremont and Chaffee Counties received base

allocations of \$25,500, while Adams, El Paso, Jefferson, and Pueblo Counties received base allocations of \$33,500. The self-reported number of participants is not verified by the Department and may include duplicates.

➤ **ALLOCATION OF REMAINING INCENTIVE FUNDS NOT BASED ON ACTUAL PROPORTION OF CHILD WELFARE POPULATION SERVED IN THE CMP.** We found that 14 of the 32 county-level programs (44 percent) served fewer participants than they estimated they would serve and that five county-level programs (16 percent) served more participants than they estimated they would serve. Exhibit 4.4 compares the estimated and actual participants served as reported by these 19 county-level programs for Fiscal Year 2013. The five county-level programs that reported serving more participants than estimated are shaded in blue.

EXHIBIT 4.4. COMPARISON OF ESTIMATED AND ACTUAL PARTICIPANTS SERVED AS REPORTED BY COUNTY-LEVEL PROGRAMS FISCAL YEAR 2013

COUNTY	PERCENT OF OPEN CHILD WELFARE CASES COUNTY-LEVEL PROGRAMS ESTIMATED SERVING ¹	PERCENT OF OPEN CHILD WELFARE CASES COUNTY-LEVEL PROGRAMS ACTUALLY SERVED ²
LARGE COUNTIES		
Denver	2/3 or more	1/3 to 2/3
El Paso	2/3 or more	1/3 or less
Jefferson	2/3 or more	1/3 to 2/3
Mesa	1/3 to 2/3	1/3 or less
Pueblo	1/3 to 2/3	1/3 or less
BALANCE OF STATE		
Alamosa	2/3 or more	1/3 or less
Douglas	1/3 or less	1/3 to 2/3
Eagle	1/3 to 2/3	1/3 or less
Elbert	2/3 or more	1/3 to 2/3
Fremont	1/3 to 2/3	2/3 or more
Garfield	1/3 to 2/3	2/3 or more
Lincoln	2/3 or more	1/3 or less
Logan	1/3 or less	2/3 or more
Montezuma/Dolores	2/3 or more	1/3 to 2/3
Montrose	1/3 to 2/3	1/3 or less
Morgan	2/3 or more	1/3 to 2/3
Park	1/3 to 2/3	1/3 or less
Rio Grande	1/3 to 2/3	1/3 or less
Teller	1/3 to 2/3	2/3 or more

SOURCE: Office of the State Auditor's analysis of documentation provided by the Department of Human Services and the Department's contractor.

¹Calculated by the Department from estimates provided by county-level programs in their memoranda of understanding.

²Reported by county-level programs to the Department's contractor through the annual report template. Figures are not verified and may include duplicates.

WHY DID THE PROBLEMS OCCUR?

County-level programs clearly have responsibility for operating their programs; however, the Department and State Board also have statutory responsibility for establishing expectations for the CMP, such as through the promulgation of rules to define the elements of collaborative management, the development of an MOU template that incorporates statutory requirements, and the specification of performance measures.

THE DEPARTMENT HAS NOT DEVELOPED AN ADEQUATE MOU REVIEW PROCESS OR MOU TEMPLATE. First, the Department's MOU review process does not always identify or reject MOUs that are inconsistent with statutory requirements, including MOUs that:

- Fail to address the collaborative management processes required by statute.
- Contain functional definitions for the targeted population that are not closely aligned with the statutory definition. Rules authorize the Department to review and "approve" target populations defined by county-level programs.

Second, the MOU template does not clearly state requirements and expectations, or provide sufficient detail, to enable county-level programs to explain their programs or the Department to identify insufficiencies. The MOU template and instructions do not:

- Specify the detail county-level programs should provide when explaining their collaborative management processes. For example, the MOU template and instructions do not define the five collaborative processes or indicate the amount of detail programs are expected to provide when specifying their processes or explaining how their processes will achieve statutory goals.
- Explain that county-level programs must submit functional definitions for their targeted population that align with the guidance provided in

the instructions or state that MOUs will be rejected if functional definitions are not consistent with the guidance.

- Require county-level programs to explain how they plan to implement the six required CMP components outlined in rule or provide clear guidance to communicate what county-level programs must do to demonstrate "successful implementation" of the elements of collaborative management.

Third, the Department stopped enforcing the July 1 deadline for the MOUs. Department staff report that some county-level programs have had difficulty acquiring timely signatures from their mandated partners and, therefore, in July 2011 the Department stopped enforcing the July 1 deadline and instead agreed to accept MOUs up to 90 days late. However, the Department did not request a revision to change the July 1 deadline in rule.

THE DEPARTMENT HAS NOT SPECIFIED PERFORMANCE MEASURES. The Department interprets CMP statutes as allowing county-level programs to develop their own performance measures within four Department-specified domains. County-level programs have selected 128 different measures. Our review of the statute indicates the Department's interpretation may be inconsistent with the plain meaning and intent of the statute. First, according to Merriam-Webster Dictionary, "specify" means "to name or state explicitly or in detail." Establishing four broad domains within which counties may select performance measures does not appear to constitute stating measures explicitly or in detail. Second, the General Assembly indicated in the legislative declaration for the CMP that "a uniform system of collaborative management is necessary...to effectively and efficiently collaborate to share resources or to manage and integrate the treatment and services provided to children and families who benefit from multi-agency services" [Section 24-1.9-101(2), C.R.S.]. Although county-level programs may benefit from evaluating their performance on measures that are specific to their programs, using up to 128 performance measures that vary across counties as a basis for providing incentive funding does not appear consistent with statute. In

addition, although county-level programs reported meeting 116 of the performance measures they selected (91 percent), the Department has no procedures to verify the data and performance results.

THE DEPARTMENT DOES NOT MONITOR PROGRAM IMPLEMENTATION to verify whether county-level programs have successfully implemented their programs in accordance with statute, rule, and plans set forth in MOUs or to verify performance results. The Department indicates that it has a one-half full-time-equivalent (FTE) position overseeing the CMP and lacks both statutory authority and appropriated resources for monitoring county-level programs or verifying reported data. We address the Department's authority in more detail at the end of this chapter. The Department has authority and resources available through the incentive fund for conducting the external evaluation.

THE DEPARTMENT'S INCENTIVE FORMULA HAS NOT BEEN SIGNIFICANTLY MODIFIED since it was first implemented for the Fiscal Year 2006 performance period. The problems identified in this audit, along with decreases in incentive funding and increases in the number of county-level programs participating, indicate a need for the Department to reevaluate the allocation methodology on an ongoing basis to ensure allocations are equitable and adequately incentivize performance within the funds available. Over the past 8 years, the number of county-level programs participating in the CMP has increased from six to 32, and the incentive funds available for distribution to county-level programs have decreased by 50 percent from \$2.6 million in Fiscal Year 2006 to \$1.3 million in Fiscal Year 2013. Consequently, incentive funds are allocated across more county-level programs and less funding is available per county-level program. The Department convened a subcommittee in August 2011 to study the incentive fund performance measurement and allocation process and make recommendations for improvement, but as of the completion of our audit, no changes have been implemented.

In June 2013, the Department's evaluation contractor recommended the Department consider standardizing several key areas of the CMP including (1) Department-specified performance measures to establish

what the CMP should achieve, (2) a defined target population that would benefit from collaborative management efforts and achieve the outcomes intended by the legislation, and (3) core data elements and clear data collection expectations (discussed at the end of this chapter). The contractor also recommended the Department consider adopting standardized outcome measures already in use by the Department, which would allow outcomes for CMP participants to be compared with outcomes for non-CMP participants as suggested by statute [Section 24-1.9-102.5, C.R.S.]. Additionally, the contractor suggested the Department consider developing process measures to incentivize standardized practices.

WHY DOES THIS FINDING MATTER?

By not implementing the requirements outlined in statute, the CMP is not operating as intended by the General Assembly, accomplishing statutory goals, or maximizing the benefits the CMP was intended to achieve. In addition, the Department cannot ensure that the roughly \$15.3 million in incentive funds allocated from Fiscal Years 2009 through 2013 were used to equitably incentivize and reward performance, as intended by statute.

First, when MOUs do not address the five collaborative management processes, it is unclear whether the processes are actually in place and operate effectively to reduce duplication and fragmentation, improve the quality of services, achieve better outcomes for participants, or encourage cost-sharing, as directed by statute.

Second, when county-level programs do not align their service population with the statutory definition, programs may be serving participants the General Assembly did not intend to serve, which may in turn reduce funds available for serving the intended target population. Ensuring that services are directed toward complex cases involving multiple systems and providers provides maximum opportunities for the CMP to achieve the efficiencies and cost savings intended by statute.

Third, by not ensuring that MOU submission and acceptance deadlines comply with rules, the Department has not placed all county-level programs on equal footing for the purpose of evaluating their eligibility for incentive funding, since some programs will be assessed on a full fiscal year of performance data, while other programs will be assessed on as few as 9 months of performance data before becoming eligible to receive incentive funds.

Fourth, without methods to gather evidence that county-level programs have successfully implemented the elements of collaborative management, or to verify the accuracy and reliability of performance data, the Department cannot be sure that county-level programs have actually implemented programs consistent with the statutory and regulatory requirements and goals, or that the programs have achieved their reported results. The Department also cannot reasonably rely on the results for allocating incentive funds.

Fifth, by not developing a set of Department-specified performance measures, the Department has not identified the results the CMP should achieve in accordance with statute or communicated the results county-level programs should strive to accomplish to receive incentive funding. The Department also cannot compare performance results across county-level programs or identify strong and weak-performing programs. One of the eight counties we visited expressed concerns about the latitude counties had with respect to selecting performance measures. This county was concerned that goals associated with the measures were not set high enough to motivate continuous improvement.

Finally, by using estimated rather than actual data to calculate incentive distributions, the Department is overpaying some programs and underpaying others. We recalculated the incentive fund distributions based on the number of participants that county-level programs reported actually serving, rather than the number of participants they estimated serving. According to our calculations, the Department overpaid 14 county-level programs by amounts ranging

from about \$1,400 to \$20,000, and underpaid five county-level programs by amounts ranging from about \$3,600 to \$9,900.

RECOMMENDATION 12

The Department of Human Services (Department) should improve its oversight of the Collaborative Management Program (CMP) by:

Just end of month, the no. of [unclear] by committee

A Establishing procedures and deadlines to comply with State Board of Human Services (State Board) rules for submitting and accepting memoranda of understanding (MOUs) or working with the State Board to revise the deadlines. The Department should then communicate the due dates to county-level programs and discontinue allocating incentive funds to county-level programs that do not submit MOUs in accordance with rules.

B Establishing processes to determine whether county-level programs have "successfully implemented the elements of collaborative management," working with the State Board as needed. This should include working with the Judicial Department to revise the MOU template to adequately capture statutory and regulatory requirements, including defining the target population and detailing expectations and requirements for collaborative management processes; promulgating and communicating guidance; and establishing MOU review criteria and checklists.

allow committee

C Developing a set of standardized performance measures that (i) specify the results that all county-level programs must achieve to be eligible for incentive funding; (ii) are based on outcome measures already used by the Department to allow comparisons between CMP participants and non-CMP participants; and (iii) include process measures to incentivize compliance with Department requirements, statutes, and rules.

create language that defines necessary, and all the [unclear]

D Establishing a monitoring program to (i) determine whether county-level programs have implemented collaborative management in accordance with statute, rule, and MOUs and (ii) verify the accuracy and reliability of county-level program performance data used to award incentive funding.

will not one program in [unclear]

- E Revising the allocation methodology to ensure that it incentivizes and rewards performance in an equitable manner within the funds available, and uses actual data on participants served to allocate incentive payments.

RESPONSE

DEPARTMENT OF HUMAN SERVICES

- A AGREE. IMPLEMENTATION DATE: JUNE 2015.

The Department agrees to establish procedures and deadlines to comply with State Board of Human Services rules for submitting and accepting MOUs or working with the State Board to revise the deadlines. The Department will then communicate the due dates to county-level programs and discontinue allocating incentive funds to county-level programs that do not submit MOUs in accordance with rules.

- B AGREE. IMPLEMENTATION DATE: JUNE 2015.

The Department agrees to establish processes to determine whether county-level programs have "successfully implemented the elements of collaborative management," and work with the State Board to promulgate rules as needed. This will include working with the Judicial Department to revise the MOU template to adequately capture statutory and regulatory requirements, including defining the target population and detailing expectations and requirements for collaborative management processes; promulgating and communicating guidance; and establishing MOU review criteria and checklists.

- C DISAGREE.

The Department disagrees with this recommendation because it

believes that local officials know their communities and citizens best (including children in need within their communities). The practice that CDHS has been using to establish performance measures is consistent with State law, which requires the Department to "specify measures." The Department allows participating counties to identify their proposed performance measures consistent with program requirements and locally identified needs. The Department reaches the specified measure objective through this process.

AUDITOR'S ADDENDUM

Statute [Section 24-1.9-104(3)(a), C.R.S.] authorizes the Department to allocate incentive funds if counties "met or exceeded the performance measures specified by the [Department]...." A plain reading of the statute indicates that the General Assembly expected the Department to specify measures that it would use as the basis for allocating incentive funds to the county-level programs.

D AGREE. IMPLEMENTATION DATE: JULY 2015.

The Department agrees to establish a monitoring program to determine whether county-level programs have implemented collaborative management in accordance with statute, rule, and MOUs; and to verify the accuracy and reliability of county-level program performance data used to award incentive funding. However, without additional resources, the Department will only be able to monitor one collaborative per quarter. While the Department believes that such limited monitoring is insufficient, no administrative funds are allocated to the Department for this program with the exception of funds for the statutorily required external evaluation. The Department has repurposed a 0.5 FTE from existing staff. To increase the number of Collaborative Management Programs monitored per quarter, additional staffing resources would be required.

E AGREE. IMPLEMENTATION DATE: JULY 2015.

The Department agrees to work with the county departments to revise the allocation methodology to ensure that it incentivizes and rewards

performance in an equitable manner within the funds available, and use actual data on participants served to allocate incentive payments.

GENERAL FUND SAVINGS

The legislative declaration for the Collaborative Management Program indicates that one purpose of creating the CMP was to reduce costs in the child welfare system. Specifically, the declaration (Section 24-1.9-101, C.R.S.) states that “the general fund moneys saved through utilizing a collaborative approach...will allow for reinvestment of these moneys...to provide appropriate support to children and families who would benefit from collaborative management of treatment and services.”

The Department considers “general fund moneys saved through utilizing a collaborative approach” to be incurred when a county-level program underspends its Child Welfare Services allocation. Statute [Section 26-5-104(7), C.R.S.] provides that when counties collectively underspend their Child Welfare Services allocations, the Department may redistribute unexpended funds, based upon the recommendation of the Child Welfare Allocations Committee, to counties that overexpended their total allocation (referred to as “surplus distribution” in this report). The Allocations Committee’s role according to statute [Section 26-5-103.5(1), C.R.S.] is to advise the Department regarding allocations to counties. The Department also uses the surplus distribution to distribute general fund savings to counties operating the CMP. To be eligible for the savings distribution, county-level programs must meet the following two conditions, as outlined in the CMP handbook:

- Elect in their MOUs that they will not participate in the surplus distribution and, instead, will participate in the savings distribution for the CMP.
- Underspend their Child Welfare Services allocation.

WHAT AUDIT WORK WAS PERFORMED AND WHAT WAS ITS PURPOSE?

The purpose of our work was to evaluate the adequacy of mechanisms used by county-level programs and the Department to measure and distribute general fund savings for CMP services. To accomplish this objective we (1) reviewed statutes and rules; (2) interviewed Department staff, conducted site visits at a sample of eight counties participating in the CMP, and spoke to members of the CMP steering committee established by the Department; (3) reviewed the Department's allocation formula and the total allocation amounts awarded to counties for Fiscal Years 2009 through 2013; (4) reviewed the Child Welfare Services allocation, expenditures, and surplus distribution for counties for Fiscal Year 2013; and (5) performed an in-depth review of the Fiscal Year 2013 MOUs for the six counties participating in the savings distribution. Three of the county-level programs involved two counties combining to create one entity. For purposes of our analysis, we report on the combined entities—the county-level programs.

HOW WERE THE RESULTS OF THE AUDIT WORK MEASURED?

MEASURING GENERAL FUND SAVINGS. Statute [Section 24-1.9-102(2)(h)(I), C.R.S.] requires county-level programs to determine general fund savings in accordance with rules established by the State Board. Such a rule would provide a mechanism for counties to determine general fund savings in a valid and consistent manner. Statute [Section 24-1.9-103(1)(b), C.R.S.] further requires county-level programs to annually report “any estimated...cost savings that may have occurred by collaboratively managing the multi-agency services provided through [Service Teams]” to the Executive Director of each MOU partner agency.

DISTRIBUTING GENERAL FUND SAVINGS. Statute does not explicitly provide a mechanism for distributing general fund savings incurred as

a result of implementing the CMP. The surplus distribution statute [Section 26-5-104(7), C.R.S.] authorizes redistribution of unexpended Child Welfare Services allocations to counties "whose spending has exceeded [the] allocation" and does not explicitly authorize redistribution to the CMP.

WHAT PROBLEMS DID THE AUDIT WORK FIND AND WHY DID THE PROBLEMS OCCUR?

General fund savings from implementing the CMP is not measured consistently across county-level programs. Specifically:

- **COUNTY-LEVEL PROGRAMS AND THE DEPARTMENT DO NOT AGREE ON GENERAL FUND SAVINGS.** According to the Fiscal Year 2013 annual reports submitted by county-level programs, only four county-level programs (13 percent) reported earning general fund savings, which totaled, in combination, about \$432,000. By contrast, the Department identified four different counties that earned almost \$1.3 million in general fund savings through the Fiscal Year 2013 savings distribution. Exhibit 4.5 compares the general fund savings identified by the four counties through their annual reports with the savings identified through the Department's savings distributions for Fiscal Year 2013.

EXHIBIT 4.5. COMPARISON OF SAVINGS AS REPORTED BY COUNTY-LEVEL PROGRAMS AND AS DETERMINED BY THE DEPARTMENT IN FISCAL YEAR 2013

COUNTY-LEVEL PROGRAM	REPORTED SAVINGS IN ANNUAL REPORT	SAVINGS DISTRIBUTED BY DEPARTMENT
Adams	\$0	\$0
Alamosa	0	0
Boulder	0	0
Chaffee	0	0
Conejos	0	0
Crowley-Otero	0	43,306
Denver	0	1,145,871
Douglas	0	0
Eagle	0	0
El Paso	168,761	0
Elbert	0	0
Fremont	115,595	0
Garfield	0	0
Grand	0	43,785
Gunnison-Hinsdale	69,604	0
Huerfano	\$0	\$0
Jefferson	\$0	\$0
Lake	0	0
Larimer	77,746	0
Lincoln	0	0
Logan	0	0
Mesa	0	0
Moffat	0	0
Montezuma-Dolores	0	0
Montrose	0	0
Morgan	0	0
Park	0	0
Pueblo	0	59,599
Rio Grande	0	0
Routt	0	0
Teller	0	0
Weld	\$0	\$0

SOURCE: Office of the State Auditor's analysis of Fiscal Year 2013 county-level programs' annual reports and data provided by the Department.

As Exhibit 4.5 shows, the four county-level programs that received a savings distribution from the Department (Crowley-Otero, Denver, Grand, and Pueblo) for Fiscal Year 2013 reported no cost savings,

while the four county-level programs that reported cost savings in their annual reports (El Paso, Fremont, Gunnison-Hinsdale, and Larimer) received no savings distributions. In addition, the Department distributed roughly three times more in savings distributions than county-level programs reported saving.

■ **GENERAL FUND SAVINGS IS NOT MEASURED CONSISTENTLY ACROSS COUNTY-LEVEL PROGRAMS.** Although 13 county-level programs underspent their Child Welfare Services allocation in Fiscal Year 2013, the Department distributed savings to only four of them, as shown in Exhibit 4.5. The remaining nine county-level programs did not receive a savings distribution because they elected to participate in the surplus distribution when they executed their MOUs at the beginning of the fiscal year. County-level programs that elect to participate in the surplus distribution and then underspend their Child Welfare Services allocation are not eligible for either a savings distribution or a surplus distribution. Had these nine county-level programs received a savings distribution in accordance with the Department's distribution formula, we estimate these counties would have received general fund savings distributions totaling about \$660,000.

The primary reason that county-level programs and the Department do not measure general fund savings consistently is that the State Board has not promulgated rules for how county-level programs should determine general fund savings, as required by statute. In the absence of adequate guidance, county-level programs and the Department have devised their own methods for measuring general fund savings. However, statute provides explicit authority for determining a method for measuring general fund savings only to the State Board; statute does not provide this authority to county-level programs or the Department.

■ **UNCLEAR STATUTORY AUTHORITY FOR THE DEPARTMENT'S GENERAL FUND SAVINGS ALLOCATION.** The surplus distribution statute [Section 26-5-104(7), C.R.S.] does not explicitly authorize the Department to distribute general fund savings from unexpended Child Welfare Services allocations to county-level programs; rather, the statute [Section 26-5-104(7), C.R.S.] authorizes redistribution to counties

“whose spending has exceeded [the] allocation.” Additionally, it is unclear that the Department has authority to require county-level programs to elect in their MOUs whether they will participate in either the savings distribution or the surplus distribution. Statute appears to allow all county departments of human/social services that overspend their child welfare allocations to participate in the surplus distribution, regardless of whether the county participates in the CMP.

The Department references Section 24-1.9-102(h)(II), C.R.S., as its authority for the general fund savings distribution. This provision states that “a county that has implemented a collaborative management process...WHICH SERVICES ARE NOT INCLUDED...IN THE MEMORANDUM OF UNDERSTANDING...and that underspends the general fund portion [of its Child Welfare Services allocation] may use the portion of general fund savings realized...for the provision of existing services for...children and families in the county” [emphasis added]. However, this provision appears to refer to collaborative services that counties may provide outside of the MOUs required by the CMP. Therefore, it is unclear that this provision provides the Department with authority to use the surplus distribution to distribute general fund savings under the CMP. In 2005, the Department sought informal legal advice from the Office of the Attorney General on the source of funds for determining general fund savings. The response from the Office of the Attorney General indicated that the statute is unclear and did not definitively resolve the general fund savings distribution issue.

WHY DOES THIS FINDING MATTER?

Fundamentally, no reliable cost savings data exist to indicate the extent to which one of the underlying purposes of the CMP—to achieve general fund savings to be reinvested to serve other children and families—is being accomplished. In addition, the problems we identified mean that some counties are unable to reinvest to provide services to additional children and families as intended by statute. Nine county-level programs that underspent their Child Welfare

Services allocations and may have incurred general fund savings of approximately \$660,000 in Fiscal Year 2013 did not receive any savings distributions. Similarly, four counties reporting general fund savings in their annual reports totaling \$432,000 did not receive any savings distribution. Therefore, general fund savings earned from collaborative management are not available to reinvest into serving more families.

Further, by using a portion of unspent child welfare funding to provide savings distributions, the Department reduces the amount available for surplus distributions to those counties that exceeded their allocations. Thus, both counties participating and not participating in the CMP that overspend their child welfare allocations potentially have smaller surplus distributions because there are fewer funds available to distribute.

RECOMMENDATION 13

The Department of Human Services should improve its management of general fund savings from the Collaborative Management Program (CMP) by:

- A Working with the State Board of Human Services to promulgate a rule to determine general fund savings resulting from the CMP as set forth in Section 24-1.9-102(2)(h)(I), C.R.S.
- B Discontinuing the practice of requiring county-level programs to elect either a savings or surplus distribution in their memoranda of understanding.
- C Seeking further legal guidance on the use of surplus funds for distributing general fund savings, and proposing legislative change to establish a mechanism for distributing general fund savings, if needed.

RESPONSE

DEPARTMENT OF HUMAN SERVICES

- A PARTIALLY AGREE. IMPLEMENTATION DATE: JULY 2015.

The Department will work with the Child Welfare Allocation Committee and the State Board of Human Services to promulgate a rule to determine general fund savings resulting from the Collaborative Management Program (CMP) as set forth in Section 24-1.9-102(2)(h)(I), C.R.S. The Department sees a conflict between Title 24 and Title 26. The conflict arises as Title 24 directs the State Board to promulgate rules regarding general fund savings from the CMP, while Title 26 empowers the Child Welfare Allocation Committee to recommend the allocation of any unexpended capped funds at close out.

AUDITOR'S ADDENDUM

As noted in the report, statute [Section 24-1.9-102(2)(b)(I), C.R.S.] requires county-level programs to determine general fund savings in accordance with rules established by the State Board of Human Services. The State Board has not established any rules for determining general fund savings. As a result, counties and the Department use different methods to calculate the savings. Although statutes do charge the Child Welfare Allocations Committee with recommending the allocation of unspent child welfare funds to counties that have overspent their allocation [Section 26-5-104(7), C.R.S.], the Committee's role is to advise the Department [Section 26-5-103.5(1), C.R.S.]. As such, there does not appear to be a conflict between the State Board's rule making authority and the Child Welfare Allocations Committee's advisory role.

B DISAGREE.

The Department disagrees with this recommendation because the decision to discontinue the practice of requiring county-level programs to elect either a savings or surplus distribution in their MOUs is recommended by the Child Welfare Allocation Committee. The result of this action would impact the close out of the Child Welfare Block Grant in which the Child Welfare Allocation Committee has a statutory role.

AUDITOR'S ADDENDUM

According to statute [Section 26-5-104(7), C.R.S.], the Child Welfare Allocations Committee's role with regard to the surplus distribution is to make a recommendation to the Department regarding the surplus distribution to counties that have overspent their allocations. Although the Department may have instituted the process of requiring county-level programs to elect in their MOUs either the savings distribution or surplus distribution based on the recommendation of the Child Welfare Allocations Committee, statute appears to allow all county departments of human/social services that overspend their

child welfare allocations to participate in the surplus distribution regardless of whether the county participates in the CMP.

C AGREE. IMPLEMENTATION DATE: JULY 2015.

The Department agrees to seek further legal guidance on the use of surplus funds for distributing general fund savings and proposing legislative change to establish a mechanism for distributing general fund savings, if needed.

DATA MANAGEMENT AND PROGRAM ACCOUNTABILITY

Through the collaborative management statute, the General Assembly has emphasized the importance of accountability for programmatic and expenditure data. Specifically, statute (Section 24-1.9-103, C.R.S) requires county-level programs to report programmatic and expenditure data through annual reports submitted to the Executive Directors of each county-level program's partner agency. The Department's contractor maintains a CMP database to collect county-submitted data on program participants. Accountability for programmatic and expenditure data, of necessity, depends on maintaining accurate, complete, and reliable data that are reviewed and verified before they are reported. Reliable data are the starting point for evaluating whether the CMP is achieving intended results and whether funding levels are adequate.

WHAT AUDIT WORK WAS PERFORMED AND WHAT WAS ITS PURPOSE?

The purpose of our audit work was to determine whether the CMP has adequate, reliable data to demonstrate accountability and support decision making. We reviewed statutes and rules to determine data reporting requirements for the annual report and the evaluation prepared by the Department's contractor, and to identify required accountability mechanisms and statutory goals. We interviewed Department and contractor staff to find out how the CMP data are collected, maintained, and evaluated. We conducted site visits at a sample of eight counties participating in the CMP and spoke to members of the CMP steering committee established by the Department. We reviewed annual reports prepared by county-level programs and participant data submitted to the contractor's CMP

database as part of the Fiscal Year 2013 annual evaluation and performance cycle. We also reviewed CMP-related expenditure data recorded in the Department's County Financial Management System (CFMS) for Fiscal Years 2009 through 2013. Finally, we reviewed the CMP handbook to identify any guidance provided to county-level programs on accountability and reporting.

HOW WERE THE RESULTS OF THE AUDIT WORK MEASURED?

PROGRAMMATIC DATA. Statute [Section 24-1.9-103(1)(a), C.R.S.] requires county-level programs to annually report the number of children and families served through Service Teams and the outcomes of services provided. For county-level programs to be able to report meaningful programmatic information in response to this requirement, county-level programs must, out of necessity, maintain basic demographic, service, and outcome data for each participant.

EXPENDITURE AND COST DATA. Statute [Section 24-1.9-103(1)(b) and (c), C.R.S.] requires county-level programs to annually report any estimated cost-shifting or cost savings that may have occurred through managing multi-agency services through Service Teams, and an accounting of cost savings reinvested into additional services. Additionally, all county-level programs receive incentive funds and some receive allocations of general fund savings; these funds must be expended to provide services to children and families who would benefit from integrated multi-agency services [Sections 24-1.9-102(2)(h)(I) and 104(3), C.R.S.]. To identify cost-shifting or cost savings, and to demonstrate that incentive funds and general fund savings are spent to provide appropriate services to the participants outlined in statute, county-level programs must have systems in place to track expenditures by service type and funding source.

For programmatic and expenditure information to be useful for demonstrating accountability and supporting decision making, the data must be reliable. The U.S. Government Accountability Office

defines "reliability" as data that are complete and accurate. Completeness refers to the extent that all necessary records are present. Accuracy refers to the extent that recorded data reflect actual underlying information.

WHAT PROBLEMS DID THE AUDIT WORK IDENTIFY?

PROGRAMMATIC DATA ARE NOT COMPLETE. The Department does not have complete data regarding the CMP or assurance that the data available are accurate. All participant data provided by county-level programs through annual reports or to the CMP database are self-reported and not verified for accuracy. Although the data issues described below apply to the Fiscal Year 2013 performance cycle, the same data issues have existed since the CMP began operating in Fiscal Year 2006.

- **PARTICIPANT DEMOGRAPHICS AND OUTCOME DATA.** Basic demographic information—such as name, age, gender, and address—and data on outcomes—such as whether participants had a repeat involvement with the child welfare system following provision of collaborative management services—are available at the statewide level for 6,577 CMP participants. This includes 3,318 participants who were newly enrolled in Fiscal Year 2012 and 3,259 participants who were newly enrolled in Fiscal Year 2013 and were reported by county-level programs to the contractor's CMP database. However, since county-level programs reported serving an estimated 21,000 total participants in their annual reports during Fiscal Year 2013, it is unclear how many individual children were served and are captured in the CMP database. As noted previously, the 21,000 total participants is a duplicated number, which may include both children and family members, and may be reported by more than one service agency.

- **SERVICE DATA.** The volume and types of services provided to participants, including child welfare services provided by county departments of human/social services or other services provided by MOU partner agencies, such as Medicaid and Temporary Assistance

for Needy Families (TANF), are lacking at the statewide level for all CMP participants.

- **EXPENDITURE AND COST DATA ARE NOT COMPLETE.** The county-level programs do not track or report complete expenditures and costs. Similar to the participant data discussed previously, issues with expenditures and costs have existed since the CMP began operating in Fiscal Year 2006. During Fiscal Year 2013, none of the 32 county-level programs reported having a process to measure cost-shifting or cost savings from their collaborative management efforts. Additionally, county-level programs do not report consistent data on incentive fund expenditures. According to data from CFMS, county-level programs recorded incentive fund expenditures totaling \$1.7 million during Fiscal Year 2013. By contrast, annual report data submitted to the Department indicate that county-level programs spent a total of \$3.3 million in incentive funds during Fiscal Year 2013. Since the cost data reported by the county-level programs is incomplete, the CMP does not have sufficient information to identify the cost-shifting or cost savings that may have occurred through managing multi-agency services through Service Teams, implementing collaborative management, and reinvesting in additional services.

WHY DID THE PROBLEM OCCUR?

Overall, the CMP lacks adequate data systems and data reporting protocols to ensure that complete and accurate programmatic and expenditure information is available to demonstrate accountability and support decision making.

THE CMP LACKS A SINGLE DATA SYSTEM. No single data system currently captures complete programmatic and expenditure data for all participants. Instead, three data systems track data related to the CMP—the Department's Trails and CFMS databases and the contractor's CMP database. None of these databases contains complete records on all CMP participants. Specifically, the Department's Trails database is used to track and monitor children who are either involved, or are receiving services to prevent their

involvement, with the child welfare system. County-level programs are not required to specify in Trails whether children receiving services through the child welfare system are also CMP participants; consequently, the CMP cannot easily identify its participants in the Trails database or determine which child welfare services its participants received. The CMP database, as noted previously, only maintains data on a subset of participants voluntarily reported by county-level programs, and this database does not contain service or expenditure data. To complicate matters further, some CMP participants receive services through other state or local partner agencies, and the services are funded by other funding sources, such as Medicaid or TANF; these participants are not recorded in Trails and not all are recorded in the CMP database. Due to lack of interoperability between Trails and the various automated systems operated by state and local partner agencies to the MOUs, the CMP cannot identify services provided or purchased through other state programs outside of the child welfare system and link these services to CMP participants.

DATA REPORTING STANDARDS AND PROTOCOLS ARE NOT IN PLACE. Statute (Section 24-1.9-102.5, C.R.S.) requires the Department, with input from the entities participating in the CMP, as well as others, to determine the criteria and components of the external evaluation. Statute also requires county-level programs to participate fully in the evaluation. The Department could use this authority to develop protocols for standardized reporting of programmatic and expenditure information by county-level programs.

THE DEPARTMENT QUESTIONS ITS AUTHORITY. The Department believes that the General Assembly specifically intended that accountability for the CMP rest primarily at the local level and that it lacks authority in statute to mandate data reporting and hold counties accountable for implementing requirements, which are key parts of the Department's responsibility to oversee incentive funds. Specifically, the Department points out that:

- The collaborative management statute does not charge one entity with supervising implementation or outcomes.
- The collaborative management statute does not specifically house the CMP within Title 26, the Human Services Code, or Title 19, the Children's Code, where the Department's authority for overseeing the child welfare system is clearly laid out.
- The State Board's rulemaking authority in the collaborative management statute is limited to specific areas, and statute [Section 24-1.9-102(1)(a), C.R.S.] directs the county-level program partner agencies to enter into MOUs designed to promote "a collaborative system of local-level interagency oversight groups and individualized service and support teams to coordinate and manage the provision of services...."

As noted previously, the Department requested legal advice from the Office of the Attorney General in August 2005 to assist with interpreting a section of the collaborative management statute and the attorney identified difficulties with interpreting some of the statute's provisions. However, the Department did not seek further guidance from the Office of the Attorney General on its authority to oversee the CMP. The Department also has not requested statutory revisions from the General Assembly to further clarify its authority.

WHY DOES THE PROBLEM MATTER?

Due to the lack of basic data and accountability mechanisms, the Department has invested a total of \$21.1 million (\$15.3 million in incentive funds and \$5.8 million in general fund savings) between Fiscal Years 2009 and 2013 without knowing whether the CMP is operating as intended. The absence of reliable programmatic and expenditure data has impaired the Department's ability to evaluate the success of the CMP in achieving the four goals outlined in statute and take steps to maximize the CMP benefits for participants. Basic accountability mechanisms recommended throughout this chapter, including data management protocols, promulgation of rules and

guidance, standardization of processes and performance measures, and monitoring, are needed to prevent the continued allocation of resources without evidence of results. Although county-level programs report qualitative information showing examples of the benefits achieved through collaborative management, quantitative evidence is lacking that the CMP has succeeded in (1) reducing duplication and fragmentation of services; (2) increasing the quality, appropriateness, and effectiveness of services provided; (3) promoting cost sharing among service providers; and (4) providing better outcomes and cost reduction for the services provided to children and families who would benefit from integrated multi-agency services.

Further, from Fiscal Years 2009 through 2013, the Department has paid its contractor approximately \$1 million to conduct a statewide evaluation for 32 individual county-level programs that operate so differently that overall statewide performance cannot be assessed. To improve information on the impact of CMP services at the statewide level, the contractor recommended that the Department consider providing more direction and clearer standards related to outcomes, target population, implementation practices, and data.

RECOMMENDATION 14

The Department of Human Services (Department) should improve accountability for the Collaborative Management Program (CMP) by:

- A Requesting an opinion from the Office of the Attorney General on whether the Department is exercising its full authority as permitted in current statute. Depending on the results of the opinion, the Department should ensure its practices are consistent with the opinion and work with the General Assembly to request clarification of its authority related to CMP funding, if needed.
- B Developing improved data collection and reporting protocols for programmatic and expenditure data and requiring all county departments of human/social services that participate in county-level programs to comply with them. This could include requiring county departments to identify CMP participants in the child welfare system in Trails so that participant demographics, services, outcomes, and expenditures can be tracked and monitored.
- C Assessing options for implementing a single data system to maintain CMP data. This should include determining whether to acquire capacity to bring data collection and management, currently performed by the contractor, in-house or evaluating the feasibility of improving the interoperability of existing state information systems to better track CMP data.

RESPONSE

DEPARTMENT OF HUMAN SERVICES

A DISAGREE.

The Department disagrees to request an opinion from the Office of the Attorney General (AG) on whether the Department is exercising its

full authority as permitted in statute. The Department believes that the Collaborative Management Program was written into Title 24 intentionally as a shared program with other State departments. The Department understands that it has accountability for, but only partial authority over, the program. The Department believes that children are best served by this program when decisions are made at the local level. If the Office of the State Auditor believes that the Department is to have more direct authority over the direction of this program, this policy decision should be resolved by the General Assembly, rather than interpreted by the AG's Office.

AUDITOR'S ADDENDUM

The report identifies several instances in which CMP does not appear to operate according to statutory requirements and the General Assembly's intent. Basic accountability mechanisms recommended in the report appear to be within the Department's existing statutory authority and are needed to prevent the continued allocation of resources without evidence of results. The recommendation does not suggest that the Department should have more direct authority over the CMP.

B PARTIALLY AGREE. IMPLEMENTATION DATE: JULY 2015.

The Department agrees to develop improved data collection and reporting protocols for programmatic and expenditure data, and require all county departments that participate in county-level programs to comply. The Department believes that Collaborative Management Programs (CMP) best serve children and their communities when led at the local level; and, those counties should have sufficient flexibility to meet their unique community needs. The Department will partner with counties and other participating members of the CMPs to develop these new processes to be realistic and achievable. However, the Department disagrees with requiring county departments to identify CMP participants in the child welfare system in Trails. CMPs serve participants from one or more of the following domains: health/mental health, education, juvenile justice, and child welfare, some of which do not have access to Trails, the

statewide automated case management system for child welfare. Therefore, having some CMP participants in one data system and others in another data system(s) does not represent an improvement in data collection and reporting protocols.

AUDITOR'S ADDENDUM

The recommendation suggests having counties identify CMP participants in Trails as one possible method for improving the programmatic and expenditure information the Department has. The recommendation provides latitude for the Department to implement other mechanisms to accomplish this intent.

C AGREE. IMPLEMENTATION DATE: JULY 2015.

The Department agrees to assess options for implementing a single data system to maintain Collaborative Management Program (CMP) data. This will include determining whether to acquire capacity to bring data collection and management, which is currently performed by the contractor, in-house or evaluating the feasibility of improving the interoperability of existing state information systems to better track CMP data.

ENSURING PROGRAM OUTCOMES

As described throughout this chapter, the CMP currently lacks a variety of controls and accountability mechanisms, including methods to ensure that county-level programs implement statutory and regulatory requirements for the CMP; incentives are allocated equitably to achieve desired results; target populations are defined consistently with statute; methods for measuring and distributing general fund savings are consistent and comply with laws; and complete, reliable programmatic and expenditure data are collected and analyzed. Fundamentally, the CMP has been operating for 8 years without demonstrating that it has achieved any of the results intended by statute.

Given the shortcomings of the CMP, we were unable to draw any conclusions as to whether the CMP is effective in accomplishing its statutory purpose. The decision as to whether the CMP should continue as currently structured in statute is a matter of public policy and outside the scope of our audit. However, deficiencies identified in the implementation of the CMP according to statute raise questions as to the outcomes the CMP has achieved, which may indicate that an evaluation of whether the CMP should be discontinued, thereby making funds available for other purposes in the child welfare system, is appropriate.