

Legislative Performance Audit

Committee

Committee Members:
Senator John Harms, Chair
Senator Heath Mello, Vice Chair
Speaker Mike Flood
Senator Annette Dubas
Senator Lavon Heidemann
Senator Bob Krist
Senator John Wightman

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Scope Statement

Department of Health & Human Services Child Welfare Reform

On February 15, 2011, the Legislative Performance Audit Committee directed the Legislative Audit Office to conduct an audit of the Department of Health & Human Services' (DHHS) privatization of child welfare services. This scope statement sets forth the questions the audit staff will answer during the audit.

Background

Due to concerns regarding the privatization of child welfare services, on February 7, 2011, the Legislature adopted LR 37, a resolution that designated the Health and Human Services Committee to review, investigate, and assess the effect of the child welfare reform initiative implemented by DHHS. As part of this resolution, the HHS Committee exercised the option of requesting that the Legislative Performance Audit Committee conduct an audit of the child welfare reform.

Audit Scope

In identifying specific audit questions, audit staff working closely with Senator Campbell, HHS Committee Chair. Staff also surveyed members of the HHS Committee, the Legislature as a whole, and key stakeholders in the child welfare system. We compiled the responses and identified the issues we believe are of major interest to many and also well-suited to the performance audit process. As a result, staff will address:

- 1) Documentation of the timeline of major events in the implementation privatization and the of the goals for privatization expressed at the time it was being considered and then implemented;
- 2) Whether the Executive Branch exceeded its authority in implementing reform without legislative involvement;
- 3) How DHHS, policymakers, and stakeholders know whether privatization of services is working effectively to assure children's safety; and
- 4) Whether contract oversight is sufficient—including DHHS oversight of the lead contractors and, if time permits, the lead contractors oversight of their subcontractors.

Adopted by the Legislative Performance Audit Committee, May 9, 2011.

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Audit Plan

Department of Health & Human Services Child Welfare Reform

On or before **September 8, 2011**, the Legislative Audit Office (Office) will submit a draft report of its audit findings and recommendations to the Legislative Performance Audit Committee (Committee) and the Department of Health & Human Services (DHHS).

Audit Scope

In the audit scope statement, the Committee directed the Office to address the following questions in the audit report:

- 5) Documentation of the timeline of major events in the implementation privatization and the of the goals for privatization expressed at the time it was being considered and then implemented;
- 6) Whether the Executive Branch exceeded its authority in implementing reform without legislative involvement;
- 7) How we know whether privatization of services is working effectively to assure children's safety; and
- 8) Whether contract oversight was sufficient—including DHHS oversight of the lead contractors and the lead contractors oversight of their subcontractors.

Methodology

The Office will use a standard qualitative research methodology. We will:

- Review relevant state statutes;
- Review other applicable documents such as legislative histories, Attorney General Opinions, rules and regulations, and budget information;
- Examine agency records, which include but are not limited to, technical reports, annual reports, internal policies and procedures, plans, correspondence, contracts, and related materials; and
- Conduct interviews with DHHS staff and others as necessary.

Audit Report Contents

Under the Legislative Performance Audit Act, the Office must provide its written draft report to the agency. That report will consist of:

- background information concerning the program;
- discussion of audit work related to the scope statement questions; and
- Office findings and recommendations.

After receipt of the report, the agency will have 20 business days to review it and provide written comments to the Office. We expect to provide the draft report to the agency on or before **September 8, 2011**; however, should extenuating circumstances occur, the Committee may extend that date. The deadline for the agency response will be included in the correspondence accompanying the report when it is provided to the agency.

Following receipt of the agency's comments, the Committee will meet to consider the draft report and the comments. The Committee may elect to adopt recommendations at that time or to hold a public hearing on the audit before adopting recommendations. The Committee's final report will include the Office's report, the agency's comments, the Committee's recommendations, and other materials specified in the audit act.

Adopted by the Legislative Performance Audit Committee, May 9, 2011.