



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued May 12, 2011

Department of Children and Families

For the period July 1, 2009 through June 30, 2010



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The Department of Children and Families (DCF), established by Chapter 18B, Section 1, of the Massachusetts General Laws, provides services to children and families who are at risk of or have been victims of abuse or neglect. DCF administers a comprehensive child welfare program for children and families. These services are administered through four regional and 29 area-based offices, and include counseling, protective services, parent aid, legal and adoptive services, and other in-home supports to reduce risks to children. During fiscal year 2010, DCF administered approximately \$851 million, of which federal funds totaled approximately \$206 million.

In accordance with Chapter 11, Section 12, of the General Laws, the Office of the State Auditor conducted an audit of DCF in conjunction with the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2010. We have concluded that DCF had adequate internal controls in place and complied with the requirements of the federal Department of Health and Human Services; Office of Management and Budget (OMB) Circular A-133 and the Compliance Supplement; and other applicable laws, rules, and regulations for the areas tested.

INTRODUCTION

Background

The Department of Children and Families (DCF), established by Chapter 18B, Section 1, of the Massachusetts General Laws, is mandated to provide and administer a comprehensive child welfare program for children and families, including the following services: casework or counseling, including social services to families, foster families, or individuals; protective services for children; legal services for families, children, or individuals who are clients of the department; adoption services; information and referral services; foster family care for children and specialized foster family care for children with special needs; residential care for children with special needs who are not suited for foster family care or specialized foster family care; informal education and group activities; training in parenthood and home management for parents, foster parents, and prospective parents; family services intended to prevent the need for foster care and services to children in foster care; temporary residential programs providing counseling and supportive assistance for families in transition and their children who, because of domestic violence, homelessness, or other situations, require temporary shelter and assistance; camping services; services for families and individuals in emergency and transitional housing; comprehensive youth development services; access to and coordination of medical, dental, and mental health services for children in foster care whose families are receiving services from other state agencies; and child care placement for children whose families have an open case with the department.

DCF's statutory mission is to direct its efforts to the strengthening and encouragement of family life for the protection and care of children; to assist and encourage the use by any family of all available resources to this end; and to provide substitute care of children only when the family itself or the resources available to the family are unable to provide the necessary care and protection to ensure the rights of any child to sound health and normal physical, mental, spiritual, and moral development.

Through four regional and 29 area-based offices, DCF seeks to strengthen families by assisting parents in meeting their parental responsibilities and, when necessary, through court orders or voluntary agreements, to place the child with foster parents or in group homes to provide safety from abuse and neglect. When a child is removed from his or her home, DCF develops a service plan to provide a long-term stable resolution as soon as possible. During fiscal year 2010,

approximately 8,413 children under age 18 were living in foster care or some type of residential facility.

Chapter 18B, Section 6, of the General Laws places DCF under the direction, supervision, and control of the Commissioner of Children and Families, who is appointed by the Secretary of Health and Human Services, with the approval of the Governor; serves at the pleasure of the Secretary; and may be removed by the Secretary at any time, subject to the approval of the Governor.

For fiscal year 2010, DCF administered approximately \$851 million, of which federal funds totaled approximately \$206 million.

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the General Laws, the Office of the State Auditor conducted an audit of DCF for the period July 1, 2009 through June 30, 2010. We conducted our audit in conjunction with the Single Audit of the Commonwealth of Massachusetts for the fiscal year ended June 30, 2010. The Commonwealth's Fiscal Year 2010 Single Audit Report consists of the following volumes:

- Statutory Basis Financial Report
- Comprehensive Annual Financial Report
- [Office of Management and Budget] OMB Circular A-133 Report

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was also conducted in accordance with standards set forth in OMB Circular A-133 and the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide, Audits of State and Local Governments. Additionally, our audit evaluated DCF's compliance with Office of the State Comptroller (OSC) policies and procedures; Massachusetts General Laws; and other applicable laws, rules, and regulations.

In performing our audit of DCF's activities, we referred to OMB Circular A-133, the June 2010 Compliance Supplement, and the Memorandum M-10-14 (March 22, 2010) to determine the compliance requirements that must be considered in an audit conducted under OMB Circular A-133. Based upon our audit, we determined requirements applicable to the Title IV-E Foster Care and Adoption Assistance and the Social Services Block Grant Programs and designed appropriate tests to determine DCF's compliance with these requirements.

Specifically, our objectives were to:

- Assess the internal controls in place at DCF during the review period.
- Assess and evaluate the program for compliance with the requirements of the Compliance Supplement, the federal Department of Health and Human Services, and the OSC.

The criteria for our audit were drawn from OMB Circular A-133, the June 2010 Compliance Supplement, Memorandum M-10-14, the Code of Federal Regulations, and the OSC's Internal Control Guide. Those criteria dealt with DCF's administration and operation of the programs tested above for compliance with laws and regulations governing:

Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Cash Management
Davis-Bacon Act
Eligibility
Equipment and Real Property Management
Matching, Level of Effort, Earmarking
Period of Availability of Federal Funds
Procurement, Suspension, and Debarment
Program Income
Real Property Acquisition and Relocation Assistance
Reporting
Special Tests and Provisions
Subrecipient Monitoring

We examined, on a test basis, evidence of DCF's compliance with the applicable requirements and performed other procedures as we considered necessary. Based on these tests, we have concluded that, for the period July 1, 2009 through June 30, 2010, DCF had adequate internal controls in place and complied with the requirements of the federal Department of Health and Human Services; OMB Circular A-133 and the Compliance Supplement; and other applicable laws, rules, and regulations for the areas tested.