

EL DORADO COUNTY



**Grand Jury
2005-2006 Mid-Year Report
January 4, 2006**

STATE OF CALIFORNIA
EL DORADO COUNTY
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GRAND JURY

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January 4, 2006

El Dorado County Board of Supervisors
Placerville Office

Rusty Dupray, Supervisor, District I
Helen K. Baumann, Supervisor, District II
James R. "Jack" Sweeney, Supervisor, District III
Charlie Paine, Supervisor, District IV
Norma Santiago, Supervisor, District V

Dear Members of the Board,

The 2005-2006 County Grand Jury is releasing an interim report detailing an audit into SB-163 as administered by the county department of Mental Health. Upon conclusion of the audit by the H.M. Rose Accountancy Corporation, the grand jury has approved the attached conclusions and recommendations. An investigation was originally initiated by last year's grand jury and only recently completed.

This grand jury takes this report and the attached audit seriously. I would also like to acknowledge the cooperation of the county employees, the department of Mental Health, and the H.M. Rose Accountancy Corporation.

We look forward to the continued cooperation between the Grand Jury, the Board of Supervisors, the office of the Chief Administrator and the Mental Health Department.

Respectfully,

A handwritten signature in blue ink that reads "Douglas Clough".

Douglas Clough, Foreman
2005-2006 County Grand Jury

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January 4, 2006

Honorable Douglas C. Phimister
Superior Court
2850 Fairlane Court Placerville,
CA 95667

Judge Phimister,

The members of the 2005-2006 County Grand Jury have decided to release an interim report detailing an investigation into the county department of Mental Health. Upon conclusion of the investigation and an independent audit by the H.M. Rose Accountancy Corporation, the grand jury has made the attached findings and recommendations. This investigation was originally reported to last year's grand jury that was unable to conduct an inquiry due to time constraints. The grand jury has made specific findings and recommendations in accordance with the California Penal Code.

The grand jury takes its responsibility seriously and we look forward to completing the term in a professional manner. I would also like to acknowledge the county employees, the department of Mental Health, and the H.M Rose Accountancy Corporation for assisting us with this investigation

Respectfully,

A handwritten signature in blue ink that reads "Douglas Clough". The signature is written in a cursive, flowing style.

Douglas Clough, Foreman
2005-2006 County Grand Jury

NOTICE TO RESPONDENTS

For the assistance of all Respondents, Penal Code Section 933.05 is summarized as follows:

How to Respond to Findings

The responding person or entity must respond in one of two ways:

1. That you agree with the finding.
2. That you disagree wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons for the disagreement.

How to Respond to Recommendations

Recommendations by the Grand Jury require action. The responding person or entity must report action on all recommendations in one of four ways:

1. The recommendation has been implemented, with a summary of the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
3. The recommendation requires further analysis. If the person or entity reports in this manner, the law requires a detailed explanation of the analysis or study and timeframe not to exceed six months. In this event, the analysis or study must be submitted to the officer, director or governing body of the agency being investigated.
4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

Time to Respond, Where and to Whom to Respond

Depending on the type of Respondent, Penal Code Section 933.05 provides for two different response times and to whom you must respond:

1. **Public Agency:** The governing body of any public agency must respond within ninety (90) days. The response must be addressed to the Presiding Judge of the Superior Court.
2. **Elective Officer or Agency Head:** All elected officers or heads of agencies who are required to respond must do so within sixty (60) days to the Presiding Judge of the Superior Court, with an information copy provided to the Board of Supervisors.

Mental Health Audit Report

GJ05-001



Background

While the 2004-2005 Grand Jury was investigating a complaint it became aware of issues with the SB-163 program, also known as the “Wraparound Program”, that required further examination and investigation. The analysis included program implementation, fiscal records and tracking procedures within the Mental Health department. The Grand Jury hired an outside auditor that specializes in county and state agency audits, the Harvey M. Rose (HMR) Accountancy Corporation. The Harvey M. Rose firm agreed to do a financial audit of the SB-163 program, which is administered by Mental Health. This audit started in June of 2005 and was completed in November of 2005, with the final report submitted in December of 2005.

Findings

The Grand Jury has accepted the Final Report of the audit of the El Dorado County SB-163 program. The Grand Jury adopts the Report’s conclusions as its findings. The Grand Jury also wholly agree with the findings (conclusions) and recommendations thereof (see exhibit A). These findings (conclusions) and recommendations have also been reviewed and approved by the presiding judge of the El Dorado County Grand Jury. The Report’s recommendations are itemized as follows:

Recommendations

1. Formally delegate management responsibility for the Wraparound program to the Multi-departmental Interagency Governing Council to continue to be comprised of, at minimum, the directors of the Departments of Human Services, Mental Health and Probation.

2. Direct the multi-departmental Interagency Governing Council Wraparound management team to meet regularly such as quarterly for the purpose of overseeing the Wraparound program including setting annual program goals and objectives, determining funding and resource allocations at least once a year as part of the County budget process, establishing operational guidelines, receiving and reviewing regularly produced management reports on program outcomes and cost effectiveness, and making adjustments to program operations when needed.
3. Direct the multi-departmental Interagency Governing Council Wraparound management team to operate in compliance with State laws governing the Wraparound program.
4. Direct the multi-departmental Interagency Governing Council Wraparound management team to prepare annual summary evaluations of program and cost effectiveness for their own review and transmission to the Board of Supervisors, to include documentation of: program compliance with State law; the team's meeting records; achievement of program goals; staff training records; accessibility of the program to the target population; and, program satisfaction by participating families.
5. Direct the inter-departmental Wraparound management team to amend the County Wraparound Plan to include procedures and protocols for admitting and providing services to non-revenue generating children in the program who are not assigned to authorized service allocation slots.
6. Direct the Wraparound inter-departmental management team to amend the program plan to include a definition of program "cost savings to be reinvested in children's services" and to establish procedures for how decisions will be made regarding expenditure of such funds.
7. Direct appropriate County staff to draft a new Wraparound program Memorandum of Understanding for execution by the Departments of Mental Health, Human Services and Probation to replace the MOU among these departments that expired in September 2005.
8. Direct the inter-departmental Wraparound management team and Chief Administrative Officer to review the Wraparound program FY 2005-06 revenue and expenditure budget, its assumptions about the number of children to be served, slots to be filled, actual number of "slotted" and non-revenue generating children served and actual revenues and expenditures year-to-date and report back to the Board within six weeks on whether adjustments should be made to make the budget more realistic.
9. Direct the inter-departmental Wraparound management team and Chief Administrative Officer to prepare a budget plan each year based on the actual revenues and expenditures for the previous year and documented assumptions about the number of children to be served, both slotted and discretionary nonrevenue generating, and the nature of services to be provided in the budget year.

10. Direct the inter-departmental Wraparound management team to at least quarterly monitor actual program revenues and expenditures and number of children served for comparison to the budget.
11. Direct the Chief Administrative Officer to separately present the Wraparound program budget each year in the proposed Department of Mental Health budget document presented to the Board of Supervisors and to include planned and previous year actual numbers of slotted and discretionary non-revenue generating children program participants, hours of staff service provided, contractor service hours and expenditures for unique external goods and services.
12. Direct the inter-departmental Wraparound management team and Chief Administrative Officer to develop an expenditure plan for the approximately \$173,244 Wraparound program fund balance and transmit the plan to the Board of Supervisors for review.
13. Direct the inter-departmental Wraparound management team to include in its annual program evaluation provided to the Board of Supervisors: statistics on the number of children referred to and considered for the program; the number and backgrounds of those admitted to the program and assigned to service allocation slots; and, the number and backgrounds of those receiving services with Wraparound funding but not assigned to service allocation slots.
14. Direct the inter-departmental Wraparound management team to prepare written procedures regarding eligibility and services offered to children receiving services with Wraparound funding but not assigned to service allocation slots.
15. Direct the inter-departmental Wraparound management team to prepare annual estimates of staff and contractor availability for the program and to use this as a base line when service plans are prepared to ensure that there is greater consistency between service plans and service provider availability.

This Grand Jury report must be responded to by the Board of Supervisors within ninety (90) days as directed by the Penal Code 933.05 (b) (2) and (3).

Exhibit

A

**Audit of Claiming and Financial and other Reporting
for the
Wraparound Program of El Dorado County**

Prepared for:

The FY 2005-06 El Dorado County Grand Jury

Prepared by:

**Harvey M. Rose Accountancy Corporation
December, 2005**

Harvey

M

Rose Accountancy Corporation

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 552-9292 • FAX (415) 252-0461

December 23, 2005

Mr. Doug Clough, Foreman
Mr. Floyd Knapp, Chair, Audit Committee
Members, FY 2005-06 El Dorado County Grand Jury
P.O. Box 472
Placerville, CA 95667

Dear Foreman Clough, Chair Knapp and Members of the FY 2005-06 El Dorado County Grand Jury:

The Harvey M. Rose Accountancy Corporation is pleased to submit this report on our limited scope audit of El Dorado County's reporting, claiming and financial reporting processes for the County Wraparound, or S.B. 163, program.

This report contains findings and recommendations in the following areas:

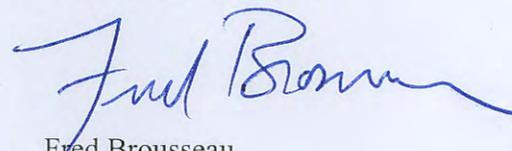
1. Compliance with Wraparound program requirements
2. Wraparound program fiscal management
3. Wraparound program records

There are a total of 15 recommendations in this report that, when implemented, will result in improved accountability and disclosure of the costs, revenues and performance of the County's Wraparound program. Program procedures will be clarified and management oversight and reporting improved. As a result of these changes, the quality of services provided to children in El Dorado County at risk of group home placement should be enhanced.

This audit was prepared in compliance with the work program submitted to and approved by the FY 2004-05 El Dorado County Grand Jury in June 2005.

Thank you for selecting the Harvey M. Rose Accountancy Corporation to conduct this audit. We are available at any time to respond to questions you may have about this audit and report.

Respectfully submitted,



Fred Brousseau
Project Manager

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Executive Summary

The Harvey M. Rose Accountancy Corporation was retained by the FY 2004-05 and FY 2005-06 El Dorado County Grand Jury to conduct a limited scope audit of El Dorado County's reporting, claiming and financial reporting processes for Wraparound, or S. B. 163, and other federal and State-funded programs administered by the County Departments of Mental Health and Human Services.

A summary of the findings and recommendations contained in this audit report are as follows. The recommendations are numbered according to their respective section in this report.

A summary of the first section of the report is not presented here as it is an overview of the County's Wraparound program and does not contain findings or recommendations.

Section 2: Compliance with Wraparound Program Requirements

- ❑ Wraparound is a State-authorized program that allows counties to flexibly use State and local funds that would otherwise be used for group home placements to provide individualized services to prevent at risk children from being placed in group homes. In El Dorado County, funding is obtained from the State by the Department of Human Services, combined with County funds and transferred to the Department of Mental Health which administers the program.
- ❑ The County is not operating in full compliance with its key governance documents: State law; the County Wraparound plan; and, a Memorandum of Understanding between the Departments of Human Services and Mental Health. Key areas of non-compliance include: the absence of an executive management team assuming responsibility for planning and monitoring program performance and a lack of procedures to ensure family understanding of and input to the program. Among other impacts, the lack of a Wraparound program management structure has resulted in under-expending available program funds, lower service levels than anticipated and over-budgeting every year of the program.
- ❑ State legislation requires that counties providing Wraparound services designate a number of service allocation slots for participating children. State funding is provided based on the number of such slots filled each month. The County's Department of Mental Health has expanded program participation by including children at risk of group home placement in addition to those in the authorized service allocation slots. Services for these other children are provided with funds not spent on the children in the authorized slots. The methods for determining eligibility and expenditure levels for these additional children have not been documented in the County's Wraparound plan or any other Department documents.

- A Memorandum of Understanding between the Departments of Human Services and Mental Health calls for reinvestment of savings realized in the Wraparound program to other children’s services. A definition of such savings has not been established nor has a process for the two departments to determine how funds should be reinvested. As a result, approximately \$173,244 in program funding has accumulated over the last three year fiscal years that could have been reinvested in other services for children.

Recommendations

Based on the above findings, the El Dorado County Board of Supervisors should:

- 2.1 Formally delegate management responsibility for the Wraparound program to the multi-departmental Interagency Governing Council to continue to be comprised of, at minimum, the directors of the Departments of Human Services, Mental Health and Probation.
- 2.2 Direct the multi-departmental Interagency Governing Council Wraparound management team to meet regularly such as quarterly for the purpose of overseeing the Wraparound program including setting annual program goals and objectives, determining funding and resource allocations at least once a year as part of the County budget process, establishing operational guidelines, receiving and reviewing regularly produced management reports on program outcomes and cost effectiveness, and making adjustments to program operations when needed.
- 2.3 Direct the multi-departmental Interagency Governing Council Wraparound management team to operate in compliance with State laws governing the Wraparound program.
- 2.4 Direct the multi-departmental Interagency Governing Council Wraparound management team to prepare annual summary evaluations of program and cost effectiveness for their own review and transmission to the Board of Supervisors, to include documentation of: program compliance with State law; the team’s meeting records; achievement of program goals; staff training records; accessibility of the program to the target population; and, program satisfaction by participating families.
- 2.5 Direct the inter-departmental Wraparound management team to amend the County Wraparound Plan to include procedures and protocols for admitting and providing services to non-revenue generating children in the program who are not assigned to authorized service allocation slots.
- 2.6 Direct the Wraparound inter-departmental management team to amend the program plan to include a definition of program “cost savings to be reinvested in children’s services” and to establish procedures for how decisions will be made regarding expenditure of such funds.
- 2.7 Direct appropriate County staff to draft a new Wraparound program Memorandum of Understanding for execution by the Departments of Mental

Health, Human Services and Probation to replace the MOU among these departments that expired in September 2005.

Section 3: Wraparound Program Fiscal Management

- State and local funding is provided to the County's Wraparound program based on the number of "service allocation slots" filled by children participating in the program. Between its inception in August 2002 and June 2005, the County authorized six service allocation slots per month but filled an average of only 4.8. As a result, the County did not collect an estimated \$182,484 in available program funding that would have enabled services to an additional 18.7 children.
- In addition to under-recovered available revenue, program expenditures were approximately \$173,244 less than actual funding received during the three fiscal years reviewed. These unspent funds have been carried over each year and are still available for the program, but reflect lower service levels for program participants and unnecessary encumbrance of County General Fund monies during the review period. Combined with the \$182,484 in funds not recovered due to unfilled service allocation slots, the County did not provide \$355,728 worth of Wraparound services that could have been provided during the three fiscal years reviewed.
- During the three years reviewed, actual Wraparound program revenues were \$327,938 less than budgeted revenues and actual program expenditures were \$628,547 less than budgeted. These substantial variances reflect a lack of program planning and oversight by Mental Health and Human Services Department executive management.
- Total reported Department of Mental Health salary and benefits costs for Wraparound were only \$4,775 and \$10,912 the first two years of the program, respectively, but increased to \$304,547 in FY 2004-05. Department of Mental Health staff report that staff time sheet and billing records did not capture all staff time dedicated to the program in its first two fiscal years. If actual staff costs were higher than the amounts charged to program funds, those program costs were covered by other Department funding sources, inappropriately curtailing other services.
- Though encouraged by the Wraparound program concept, only \$9,307, or 1.5 percent of total program expenditures during the three fiscal years reviewed, have been spent on unique goods and services jointly identified by program participants, their families and County staff as being in the best interests of the child. Most of the program funding has been used for traditional County staff-provided services.

Recommendations

Based on the findings presented in this section, it is recommended that the El Dorado County Board of Supervisors:

- 3.1 Direct the inter-departmental Wraparound management team and Chief Administrative Officer to review the Wraparound program FY 2005-06 revenue and expenditure budget, its assumptions about the number of children to be served, slots to be filled, actual number of “slotted” and non-revenue generating children served and actual revenues and expenditures year-to-date and report back to the Board within six weeks on whether adjustments should be made to make the budget more realistic.
- 3.2 Direct the inter-departmental Wraparound management team and Chief Administrative Officer to prepare a budget plan each year based on the actual revenues and expenditures for the previous year and documented assumptions about the number of children to be served, both slotted and discretionary non-revenue generating, and the nature of services to be provided in the budget year.
- 3.3 Direct the inter-departmental Wraparound management team to at least quarterly monitor actual program revenues and expenditures and number of children served for comparison to the budget.
- 3.4 Direct the Chief Administrative Officer to separately present the Wraparound program budget each year in the proposed Department of Mental Health budget document presented to the Board of Supervisors and to include planned and previous year actual numbers of slotted and discretionary non-revenue generating children program participants, hours of staff service provided, contractor service hours and expenditures for unique external goods and services.
- 3.5 Direct the inter-departmental Wraparound management team and Chief Administrative Officer to develop an expenditure plan for the approximately \$173,244 Wraparound program fund balance and transmit the plan to the Board for review.

Section 4: Wraparound Program Records

- Claims for State Wraparound funding are filed by the Department of Human Services each month as part of its larger claim for Foster Care funding. A review of Department records showed that there is sufficient supporting documentation for the Wraparound program claims filed between FY 2002-03 and 2004-05.
- The Department of Mental Health’s Wraparound program accounting, timesheet and other records do not provide sufficient information to determine if program funding has been properly accounted for since the program’s inception. A new record-keeping system implemented in February 2005 has improved this situation but since it was not in place for

the first two and a half years of the program, it is not possible to accurately determine actual program costs during that time or the source of funding for all services provided.

- ❑ A review of Department of Mental Health time sheets and contractor billings for four randomly selected months showed that actual staff hours and costs were higher than recorded in the Department's financial records. Time and cost records were not compiled or reviewed by program managers prior to February 2005 to ensure that program funding was appropriately used and accounted for.
- ❑ Program records are maintained reporting the number of children assigned to service allocation slots but there is no documentation of the number of children considered for Wraparound service allocation slots who were not accepted in to the program. There is no documentation at all of the number of other at risk children considered for and accepted in to the program who are not assigned to service allocation slots. Such information should be recorded to document that all children in the program meet the eligibility criteria and to determine if adjustments are needed to the number of service allocation slots authorized by the County.
- ❑ A review of treatment plans and time sheets for four randomly selected months showed variances between services planned for children in the program and what was actually delivered. While there may be valid reasons to divert from original treatment plans as a child's situation changes, a comparison of planned to actual staff and contractor hours and services should be regularly prepared to ensure that program resources are being allocated effectively.

Recommendations

Based on the above findings, it is recommended that the Board of Supervisors:

- 4.1 Direct the inter-departmental Wraparound management team to include in its annual program evaluation provided to the Board of Supervisors: statistics on the number of children referred to and considered for the program; the number and backgrounds of those admitted to the program and assigned to service allocation slots; and, the number and backgrounds of those receiving services with Wraparound funding but not assigned to service allocation slots.
- 4.2 Direct the inter-departmental Wraparound management team to prepare written procedures regarding eligibility and services offered to children receiving services with Wraparound funding but not assigned to service allocation slots.
- 4.3 Direct the inter-departmental Wraparound management team to prepare annual estimates of staff and contractor availability for the program and to use this as a base line when service plans are prepared to ensure that there is greater consistency between service plans and service provider availability.

Introduction

The Harvey M. Rose Accountancy Corporation was retained by the Fiscal Year (FY) 2004-05 and FY 2005-06 El Dorado County Grand Jury to conduct a limited scope audit of El Dorado County's reporting, claiming and financial reporting processes for Wraparound, or S. B. 163, and other federal and State-funded programs administered by the County Departments of Mental Health and Human Services. The objectives of the audit were to determine:

- Whether the County's Departments of Human Services and Mental Health maintain appropriate records to demonstrate service levels and properly record costs of the County's SB 163 Wraparound Program and any other related federal and State grant programs administered by the two departments;
- Whether appropriate internal controls have been established and are followed by the two departments to ensure that federal and State grant funds are expended for intended purposes;
- Whether generally accepted cost accounting methodologies are followed by the two departments when determining program costs related to these and other federal and State funded programs; and,
- Whether excess reserves or surplus funds have accumulated, or if all funding available has been made available to support services for program recipients.

While the initial focus of the audit was all federal and State-funded programs administered by the County Departments of Mental Health and Human Services, the Wraparound program was identified during the field work phase of the audit as the most relevant program for review. The other program that was reviewed was the Supportive and Therapeutic Options Program (STOP), a State funded program that provides mental health related day treatment and aftercare services to families with children at risk of out-of-home placement and those exiting foster care. Because of the small amount of program funding and expenditures (actual expenditures were reportedly \$28,678 for FY 2004-05 as of July 7, 2005) relative to the Wraparound program, limited audit hours were redirected to an analysis of the latter program after a review of key STOP program documents.

Audit Methods

Methods used to conduct this audit included the following:

- Interviews with directors, relevant managers and key staff at the Department of Human Services and the Department of Mental Health

- ❑ Review of key program documents including enabling State legislation, the County's Wraparound plan and Memoranda of Understanding between all departments involved in the program.
- ❑ Analysis of Wraparound program financial information and documents including budget and revenue/expenditure documents from the County's financial system, Department of Human Services foster care claim records and supporting documentation, Wraparound program special fund General Ledger reports and journal entry documentation.
- ❑ Review of written procedures regarding program eligibility and intake.
- ❑ Analysis of program participant rosters for each month that the program has been in effect through June 2005.
- ❑ Review and analysis of Department of Mental Health case files, treatment plans and billing records for a sample of children in the Wraparound program.
- ❑ Review of a sample of case files and outcome documentation.
- ❑ Review of minutes from Cross-Systems Operations Team and Placement-Referral sub-committee minutes between August 2002 and June 2005.
- ❑ Review of literature on the Wraparound program.
- ❑ Review of County documentation on County's Supportive and Therapeutic Options Program (STOP) program.

Field work was conducted between June and October, 2005. A draft audit report was prepared with the results presented in three areas of findings and recommendations. The draft report was provided to the Grand Jury and the directors of the Human Services and Mental Health departments for their review and comments and an exit conference meeting took place with the directors and other representatives of the departments before the report was finalized and submitted to the Grand Jury in December 2005. This audit was prepared in compliance with the work program submitted to and approved by the FY 2004-05 El Dorado County Grand Jury in June 2005.

1. Wraparound program overview and glossary of terms

The Wraparound program was created by State legislation adopted in 1997 that allowed California counties to use State foster care and Adoption Assistance funds in a flexible manner to provide eligible youth with services as an alternative to group home care. The program was originally designed for youths who are residing, or are at risk of being placed, in group homes licensed at Rate Classification Levels 12-14¹, the most costly out-of-home facilities designed for youths with severe emotional disturbances. Under the Wraparound program, qualified youth are provided with intensive, individualized family-based services designed to keep them with their families, or to return them to their families if they are already in an out-of-home placement. Services can be provided, according to the State legislation, to youths living with their birth parents, relatives, adoptive parents, licensed or certified foster parents, or guardians.

Funding for the program consists of State funding at the same rate as would be provided for group home placements, which vary based on each participant's Rate Classification Level. The County is required to match the State funds provided at the rate of 60 percent of the total cost. The funds are provided to the County's welfare department (Department of Human Services in El Dorado County) which may enter into interagency agreements with other County departments for the provision of wraparound services.

State law requires participating counties, at their option, to develop a plan for wraparound services and monitor the provision of those services consistent with the plan. The plan, to be submitted to the State Department of Social Services for informational purposes, is to include:

- A process and protocol for reviewing and determining eligibility for the program
- Processes for developing, modifying and denying individualized services plans for each youth participant
- A process for parent support, mentoring, and advocacy to ensure parent understanding and participation in the program
- A planning and review process to support and facilitate the following program principles:
 - Focus on individual child through individualized service plans
 - Providing services geared to enabling the participants to remain in the least restrictive, most family-like settings possible
 - Developing a close and collaborative relationship with the family
 - Conducting a thorough, strengths-based assessment of each child and family that serves as the basis of the individualized service plan
 - Designing and delivering services that incorporate the religious customs, and regional, racial, and ethnic values of the youths and families served
 - Measuring consumer satisfaction to assess outcomes

¹ See Glossary at the end of this section for definition of Rate Classification Level.

- Written interagency agreements or memorandum of understanding between the county departments of social services, mental health and probation that specify jointly provided or integrated services, staff tasks and responsibilities, budget considerations and related matters.

The statute also requires that each county evaluate its program to determine its cost and effectiveness of outcomes. Each county is to ensure that staff participating in the project has completed training provided or approved by the California Department of Social Services.

The initial legislation established Wraparound as a pilot project to be concluded by October 1, 2003. Subsequent legislation, adopted in 2000², expanded the definition of eligibility to include children residing in, or at risk of residing in a group home at RCL 10 or above. The program ending date of October 2003 in the initial legislation was repealed indefinitely, according to the California Department of Social Services³. Other than these changes, most of the other program definitions remained the same.

Details on El Dorado County's implementation of the Wraparound program are presented in the next three sections of this report.

Glossary of terms used in this report

Client Goods and Services: A classification of expenditures used in this report for Department of Mental Health expenditures for non-departmental goods and services provided to children participants and their families such as lessons for the children or transportation services for families. Such services are identified by the child, the child's family and other members of his or her support team usually through Wraparound program interactions facilitated by County staff or contractor.

Eligible child: A child who is any of the following: 1) a child adjudicated as either a dependent or ward of the juvenile court pursuant to [Welfare Institutions Code] Section 300, 601 or 602 and who would be placed in a group home licensed by the department at a Rate Classification Level of 10 or higher; 2) a child who would be voluntarily placed in out-of-home care pursuant to Section 7572.5 of the Government Code; or, 3) a child who is currently, or who would be, placed in a group home licensed by the department at a Rate Classification Level of 10 or higher.

Group home: An alternative to traditional in-home foster care for children, in which children are housed in a home-like setting with a number of unrelated children who stay for varying periods of time. The

² California Welfare & Institutions Code § 18252 and 18254, as amended by Assembly Bill 2706, Chapter 259, Statutes of 2000.

³ The ending date was repealed through separate trailer legislation according to a telephone interview with a representative of the California Department of Social Services, October 4, 2005.

Section 1: Wraparound program overview and glossary of terms

children are supervised by a combination of house parents and/or staff. More specialized therapeutic or treatment group homes have specially-trained staff to assist children with emotional and behavioral difficulties. The make-up and staffing of the group home can be adapted to meet the unique needs of its residents.

Program participant: Term used in this report for a child that has been assigned by the County to the program either in a service allocation slot or without one.

Rate Classification Level (RCL): A standardized classification system for children in placement that measures their overall emotional and mental condition and determines the type of facility and services they need.

S.B. 163: The original State legislation that authorized the first version of the Wraparound program.

Service allocation slot: Defined in State Wraparound program law as a specified amount of funds available to the county to pay for an individualized intensive wraparound services package for an eligible child. A service allocation slot may be used for more than one child on a successive basis. [California Welfare & Institutions Code 18251]

Support Team: A term used in this report to represent the family members and others who comprise the team that provides and organizes services for a Wraparound program participant child. Generally, these teams meet regularly with a County or contract facilitator and the child to monitor progress and plan and organize services.

Wraparound: Individualized family-based services provided as an alternative to group home care. Services are “wrapped around” a child living with his or her birth parents, relatives, foster parents, adoptive parents or guardians. Services emphasize the strengths of the child and family and includes the delivery of coordinated and highly individualized services to address the child’s needs and to achieve positive outcomes.

2. Compliance with Wraparound program requirements

- ❑ **Wraparound is a State-authorized program that allows counties to flexibly use State and local funds that would otherwise be used for group home placements to provide individualized services to prevent at risk children from being placed in group homes. In El Dorado County, funding is obtained from the State by the Department of Human Services, combined with County funds and transferred to the Department of Mental Health which administers the program.**
- ❑ **The County is not operating in full compliance with its key governance documents: State law; the County Wraparound plan; and, a Memorandum of Understanding between the Departments of Human Services and Mental Health. Key areas of non-compliance include: the absence of an executive management team assuming responsibility for planning and monitoring program performance and a lack of procedures to ensure family understanding of and input to the program. Among other impacts, the lack of a Wraparound program management structure has resulted in under-expending available program funds, lower service levels than anticipated and over-budgeting every year of the program.**
- ❑ **State legislation requires that counties providing Wraparound services designate a number of service allocation slots for participating children. State funding is provided based on the number of such slots filled each month. The County's Department of Mental Health has expanded program participation by including children at risk of group home placement in addition to those in the authorized service allocation slots. Services for these other children are provided with funds not spent on the children in the authorized slots. The methods for determining eligibility and expenditure levels for these additional children have not been documented in the County's Wraparound plan or any other Department documents.**
- ❑ **A Memorandum of Understanding between the Departments of Human Services and Mental Health calls for reinvestment of savings realized in the Wraparound program to other children's services. A definition of such savings has not been established nor has a process for the two departments to determine how funds should be reinvested. As a result, approximately \$173,244 in program funding has accumulated over the last three year fiscal years that could have been reinvested in other services for children.**

The key documents governing the Wraparound program are: 1) State legislation authorizing the program; 2) the County's Wraparound program plan; and, 3) two Memoranda of Understanding (MOUs) between the departments involved in the programs, setting forth the roles and responsibilities of each. A review of the

requirements of these documents compared to actual program activity reveals that many of the requirements have not been met.

State funding for the Wraparound program is claimed by and transmitted to the County Department of Human Services as part of the County foster care program. The Department of Mental Health provides direct services or arranges for contract services for the children in the program. Participants are referred to the program by the Department of Human Services-Child Protective Services division, the Department of Mental Health, County schools and the Probation Department.

State legislation

There are two State statutes governing the Wraparound program. The first, adopted in 1997¹, allows each county to participate in the program and provide children with service alternatives to placement in group homes. This legislation enables participating counties to obtain State funding that would otherwise be provided for group home placement costs and use it, in conjunction with a mandatory County contribution, for flexibly defined family-based services provided to eligible children at risk of group home placement.

The original legislation defines eligibility for the program as children who are either wards of the juvenile court or dependents and who would be placed in a group home with a license for treating children classified at Rate Classification Level (RCL) 12 or above². Wraparound services are defined in the legislation as,

“community-based intervention services that emphasize the strengths of the child and family and includes the delivery of coordinated, highly individualized unconditional services to address needs and achieve positive outcomes in their lives.”

The program is optional for counties but the legislation requires that any county that chooses to participate has to develop a plan for Wraparound services and has to monitor the provision of such services. The initial legislation established Wraparound as a pilot project to be concluded by October 1, 2003. Subsequent legislation, adopted in 2000³, expanded the definition of eligibility to include children residing in, or at risk of residing in a group home at RCL 10 or above. The program ending date of October 2003 in the initial legislation was repealed indefinitely, according to the California Department of Social Services⁴. Other than these changes, most of the other program definitions remained the same.

¹ California Welfare & Institutions Code § 18250-18257, adopted as Senate Bill 163, Chapter 795, Statutes of 1997.

² Rate Classification Levels, or RCLs, are a standardized classification system for children in placement that measures their overall emotional and mental condition and determines the type of facility and services they need.

³ California Welfare & Institutions Code § 18252 and 18254, as amended by Assembly Bill 2706, Chapter 259, Statutes of 2000.

⁴ The ending date was repealed through separate trailer legislation according to a telephone interview with a representative of the California Department of Social Services, October 4, 2005.

Section 2: Compliance with Wraparound program requirements

Some of the key requirements of State Wraparound legislation and El Dorado's compliance, are summarized in Chart 2.1 below.

Chart 2.1 shows that El Dorado County has complied with some but not all of the requirements of State law governing the Wraparound program. A program plan is in place and protocols have been established governing referrals and eligibility for six County authorized service allocation slots, meaning that six children at risk of group home placement can be officially enrolled in the program at any one time and the State will provide its share of what would be the cost of placement in a group home for these children. Formalized processes for monitoring the program's accessibility to the target population and for ensuring parent understanding of and involvement in the program are not in place.

Treatment plans are prepared for every child in the program by the Department of Mental Health but they are not different than treatment plans for other children served. They do not specifically address family strengths or indicate what the family wants for the child.

An interagency Memorandum of Understanding (MOU) between the County Departments of Mental Health, Human Services, Probation and Public Health and the County Office of Education was executed in 2001 outlining program services and the roles and responsibilities of each agency. That MOU expired in September 2005. A separate MOU between the Departments of Mental Health and Social Services only was executed in February 2005 covering the roles and responsibilities and financial relationships of these two departments.

An evaluation of the program's treatment and cost effectiveness was prepared by the Department of Mental Health in 2000. While it presented information on some program successes, it did not include actual program cost data and reported that half of the children in the service allocation slots did end up in group home placements. Ideally, the evaluation would have included an assessment of why these cases were not successful and suggestions for decreasing the number of children in the program who are placed in group homes.

Section 2: Compliance with Wraparound program requirements

**Chart 2.1
El Dorado County's Compliance with Key
Requirements of State Wraparound Legislation**

	State requirement	Implemented	Not implemented
1	County must develop a Wraparound services plan to be eligible for program funding.	County adopted a comprehensive Wraparound plan, submitted to the State in March 2000.	
2	County must develop a protocol for reviewing eligibility of children and families in program and for monitoring accessibility and availability of services to the target population.	<i>Partial:</i> County has a protocol for reviewing eligibility of children assigned to service allocation slots.	County does not have a process for monitoring accessibility of program to target population.
3	County must develop a process for parent support, mentoring, and advocacy that ensures parent understanding of and participation in, the Wraparound services program.	<i>Partial:</i> parents included in treatment teams but process for their participation not formalized.	A formalized process for parent support, mentoring, advocacy and ensuring participation is not in place.
4	Children's families to be very involved in planning services.	<i>Partial:</i> Families involved in planning services.	Intensive family involvement in planning services is not documented in program records.
5	Thorough, strengths-based assessments to be conducted of each child and family to serve as basis for individualized service plans geared to unique needs and strengths of child and family.		Service plans prepared by Department of Mental Health are not unlike plans for non-program children; they do not document family and child strengths or role families played in designing services.
6	Family and other customer satisfaction with program to be measured to assess outcomes.		Customer (children, families, etc.) satisfaction not measured.
7	Written interagency agreements to be prepared between county departments of mental health, probation, social services re: services, responsibilities, budget, etc.	Multi-agency MOU executed January 2001, expired September 2005. MOU between Depts. of Mental Health and Human Services still in effect.	Expired multi-agency MOU needs to be extended.
8	Each county to prepare an evaluation of its pilot project to determine cost and treatment effectiveness including results preventing placement in more restrictive environments, emotional and behavioral adjustments, etc.	<i>Partial:</i> Evaluation prepared but without cost-effectiveness analysis.	For required cost and treatment effectiveness, evaluation did not include evidence of preventing placements nor suggestions for improving outcomes.
9	County staff participating in program to be trained in Wraparound approach.	Program manager and supervisor trained.	Not all clinical staff providing services trained, as per Plan.

County Wraparound Program Plan

El Dorado County's Wraparound program plan states that it was prepared as a cooperative effort by the Departments of Mental Health, Social Services (now Human Services), Probation and Public Health, the County Office of Education and a parent partner. The group met bimonthly for six months and received training from the State in the Wraparound approach. Input on the plan was reportedly solicited from County stakeholders including selected nonprofit organizations and family members.

While the plan appears to represent a thorough and comprehensive effort by the County, its implementation has been less complete. Unlike State law discussed above and the Memorandum of Understanding discussed later in this section, the County's Wraparound program plan is not a binding document and, in fact, should be periodically updated and changed to reflect any changes in conditions. However, as of the field work phase of this audit, the plan had not been updated since its adoption in part due to the absence of a high-level management team overseeing the program.

The plan identifies an organization structure for the program, its target population, eligibility and referral processes, program methods, staffing, quality management, project planning and change processes and Wraparound agency requirements. It included an implementation timeline, identifying responsible parties and due dates.

An executive management team accountable for the program has not assumed responsibility for Wraparound program planning and performance monitoring, though this is called for in the County's program plan

The County's Wraparound plan defines the program's organization structure and assigns key responsibilities to its various components. The structure and assignments cover all elements needed for effective program operations: management oversight and policy direction; stakeholder input; resource allocation decision-making; program operational guidelines; program evaluation; and, staff functions. Chart 2.2 presents the status of the components of the organization structure defined in the plan.

Chart 2.2
Status of Organizational Structure Components
Identified in El Dorado County’s Wraparound Plan

Assigned to	Responsibility	Status
<i>Interagency Governing Council</i> comprised of agency directors.	Program oversight, policy development and outcome monitoring.	This management Council is in place but has not fulfilled the responsibilities outlined in the Plan for the Wraparound program.
<i>System of Care Policy Council</i> comprised of directors from major child-serving county agencies and County Office of Education.	Allocating program resources and developing operational guidelines.	Has not functioned in a management oversight capacity for Wraparound; was in place for now defunct System of Care program.
<i>Cross-Systems Operations Team:</i> program managers, family representatives and contractors.	Program gatekeepers; data collection and oversight of performance outcomes.	Established but does not serve as gatekeeper and has not assumed responsibility for data collection and monitoring outcomes.
<i>Placement/Referral Subcommittee:</i> staff representatives of Mental Health, Human Services, Probation and County Office of Education.	Screen referrals and refer appropriate families to the Program manager for inclusion in program.	This subcommittee is functioning and approves assignment of children to service allocation slots.
<i>Wrap Core Team:</i> program manager, evaluator, supervisor, facilitator, parent advocate.	Develop each Family Team and individualized plans for children; facilitate family process.	Team functions being performed by Department staff except evaluator function not in place.

Management Teams

As presented in Chart 2.2, the highest level management components of the program’s organization structure defined in the program plan, the Interagency Governing Council and the System of Care Policy Council, has never functioned in the management capacity called for in the program plan, nor has any other individual or group. Without this component of the program organization structure, management accountability has not been in place and critical management functions such as establishing program goals and policies, determining how funding and resources should be allocated, developing operational guidelines and monitoring program results have not been performed.

Cross-Systems Operations Team

The highest level Wraparound program body in place is the Cross-Systems Operations Team. This panel grew out of the Mental Health Department’s now defunct System of Care program and is comprised of mid-level managers and supervisors from the Mental

Section 2: Compliance with Wraparound program requirements

Health, Human Services and Probation Departments, family representatives and contractors. While this is a good combination of members for Wraparound program oversight and review, the members are not department directors and do not have decision-making authority. According to the program plan, the role of the Cross-Systems Operations Team is to serve as program gatekeepers (awarding service allocation slots) and to monitor outcomes but it is not assumed to be an upper management policy-setting and decision-making team.

A review of Cross-Systems Operations Team meeting minutes from the past three and one half years confirmed that the team is not functioning in a program management capacity and does not serve as program gatekeeper as identified in the plan. The Cross-Systems Operations Team has only met eight times since April 2002, or an average of once every 5.4 months. A representative of the Department of Human Services has not attended all meetings though the Department plays a key role in the program. While individual cases are reviewed, overall program outcome measures are not monitored. Appropriate to its level of authority, the team does not make management decisions about the Wraparound Program such as determining resource allocation or setting program goals and objectives.

The absence of the management panels outlined in the Program plan could partly explain some of the program deficiencies detailed elsewhere in this audit report such as why less than six of the authorized service allocation slots have been filled since program inception, why there have been large variances between budgeted and actual revenues and expenditures every year the program has been operating and why the program has consistently under-spent its available funding⁵. It also explains the absence of reliable accounting records, program participant documentation and outcome reporting. If an upper management team comprised of the directors of Human Services, Mental Health and other relevant departments was in place and held accountable for the Wraparound program and if regular review of the program's operational and financial performance had been performed by this group, it is more likely that changes in program operations and cost reporting would have occurred to ensure optimal program outcomes and more prudent fiscal management.

Placement/Referral Sub-committee

The Placement/Referral Sub-committee identified in the plan has met regularly since the Wraparound Program's inception. Established originally as part of the former System of Care program, it is this group, and not the Cross-Systems Operations Team, that serves as gatekeeper for the Wraparound program's six service allocation slots, reviewing referrals to the program from the Departments of Human Services-Child Protective Services, Mental Health, Probation and the County Office of Education. Before authorizing a child to be placed in a service allocation slot, the sub-committee determines if the referred child meets the Wraparound program criteria of being at risk of group home placement and if the child's family is willing to participate in the Wraparound

⁵ See Section 3 of this report for details on El Dorado County Wraparound program's fiscal history.

program. This sub-committee reviews the number and status of the children in service allocation slots each month but does not receive or review formal reports regarding overall program outcomes. It does not review the status of the children in the program not assigned to service allocation slots.

Wrap Core Team

The Wrap Core Team has been established but are not all involved in identifying the Family Team and developing individualized service plans for children participating in the program as specified in the plan. An evaluator was on program staff in the past according to Department representatives, but that position was vacant at the time field work was being conducted and the representatives report that program evaluations were suspended when the position became vacant.

Status of other components of the Wraparound program plan

The County Wraparound plan also identifies the program's eligibility and referral processes, program methods and evaluation methods. The status of these plan components are as follows:

- ❑ The plan's goal was to fill all six service allocation slots on a phased-in basis starting in August 2002. As discussed further in Section 3, the full six slots have rarely all been filled since the program's inception. The average number of slots filled per month from program inception through June 2005 was 4.8, or 1.2 less than the slots available.
- ❑ Besides training Department of Mental Health staff in Wraparound, the plan calls for providing training to participating families. This has not occurred. Some Department staff providing services to Wraparound program participants have not been trained either.
- ❑ The plan calls for ongoing program evaluation, including interviewing and obtaining input from parents and families of program participants. Program feedback from these sources is to be provided to the Inter-governmental Council and the System of Care Policy Council every six months or at least annually. As discussed above, such upper management teams, including the directors of Human Services and Mental Health as members, have not been functioning and ongoing program evaluation, including formally obtaining input from parents and family members, has not occurred. It should be noted that program staff does evaluate the progress of each child in the program every six months, but this is not the same as an overall evaluation of the program and its effectiveness.
- ❑ The hiring of a Parent Advocate to provide advocacy, training and outreach services to parents is called for in the program plan but has not been implemented.

Inclusion of children besides those assigned to the service allocation slots is not addressed in the program plan

Besides the children assigned to the six service allocation slots authorized by the County, program staff have assigned other children to the Wraparound program who are also believed to be at risk of group home placement, though their risk is not considered as imminent as those assigned to the six slots. An average of 9.1 children per month in this status have been served by the program since August 2002. They do not generate additional program revenue but funds not spent on the children in the service allocation slots are used to cover services provided to these non-revenue generating children. Though State law does not explicitly provide for Wraparound services to be provided in this manner, a representative of the California Department of Social Services reports that this is an allowable practice⁶. The County's Wraparound Plan does not address provision of services to children in this status or describe how eligibility will be determined and resource allocations decided. Given that this information is covered for children in the service allocation slots and that more non-revenue generating children have received services than slotted, similar provisions should be codified for these program participants, though they are not technically part of the Wraparound program. Without such codification, there is less assurance that program services and resources are being fairly and appropriately allocated.

Memorandum of Understanding between Departments of Mental Health and Human Services

The final documents governing the County's Wraparound program are the two State-mandated Memoranda of Understanding (MOUs) between the departments participating in the program. One MOU (DSS Agreement #132), executed in January 2001 and expired in September 2005, governs the roles and responsibilities of all departments party to the agreement: Mental Health; Human Services; Probation; Public Health and the County Office of Education. The primary requirements of this MOU are that all parties adhere to the provisions of State Wraparound law. Department of Mental Health representatives report that this now expired MOU will be extended in the near future.

A second MOU (#262-M0511) between the Departments of Mental Health and Human Services only, executed in February 2005 and still in effect, was precipitated by a change in program funding and reimbursement arrangements between the departments. The MOU also establishes mutual and individual responsibilities of the two departments.

Prior to execution of the second MOU, program funds were collected by DHS and deposited in a special revenue fund, then transferred to DMH's Wraparound program based on the number of filled service allocation slots each month. Staff at DMH was required to track their time allocated to the program for budget purposes but this information was not provided to DHS and did not affect the amount of funds transferred in to the Wraparound program.

⁶ Telephone interview October 4, 2005.

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The February 2005 MOU (#262-M0511) changed this arrangement by requiring that DMH prepare monthly invoices itemizing their actual program costs, including details on program staff time, administrative staff time, contract payments to service providers, and direct services and supplies provided to program participants and their families. Documentation such as employee time reports and other expense documents must now be submitted with the monthly invoices. The MOU also addresses use of Adoptions Assistance Program funds, confidentiality of documents and the responsibilities of the two departments. The status of some of the key responsibilities identified in the MOU are summarized in Chart 2.3.

**Chart 2.3
Status of Key Elements of MOU
between Departments of Mental Health and Human Services**

MOU: mutual responsibilities		Implemented	Not implemented
1	Comply with State law.		County is not in full compliance with State Wraparound laws.
2	Comply with County Wraparound plan.		County is not in full compliance with Wraparound program plan.
3	Collaborate to determine eligibility for Wraparound services.	Departments collaborate through the Placement-Referral Sub-committee for children in the six service allocation slots.	
4	Reinvest program cost savings in other services for children and families.		Definition of cost savings has not been prepared nor has a process for reinvesting such funds.
5	Conduct evaluation of cost and treatment effectiveness of program.		No evaluations conducted since MOU executed.
6	Provide quarterly evaluation reports to Cross-Systems Operations Team and System of Care Policy Council.		No quarterly evaluations since MOU executed.
7	Provide staff access to family funds within two hours if under \$500 and within 24-48 hours if \$500 or more.		Funds are not provided as quickly as called for in MOU.
8	Submit evaluation reports to State Department of Social Services as required covering areas such as program and cost effectiveness.		Evaluation conducted did not include assessment of program and cost effectiveness partly due to inadequate cost data available.
9	Submit list of all program participants to DHS monthly including start dates of each.	List is submitted to DHS.	

Chart 2.3 (cont'd)
Status of Key Elements of MOU between
Departments of Mental Health and Human Services

10	Maintain and provide documentation to DHS tracking all costs charged to program	<i>Partial:</i> This is being done but only since the MOU was executed in February 2005.	Not implemented prior to MOU executed in February 2005. (MOU # 262-M0511).
11	Utilize, when appropriate, alternative funds such as Medi-Cal.	Department obtains Medi-Cal to cover some participant costs when applicable.	
12	Claim State Foster Care payments in compliance with State requirements.	DHS files claims as required by State.	
13	Provide data necessary for State evaluation.		Data needs have not been defined for evaluations.
14	Make payments to DMH in the form of a journal entry within 30 days of receipt and approval of DMH invoice.	This is being done since the MOU was executed.	

As shown in Chart 2.3, the MOU has added greater financial accountability to the Wraparound program by requiring that DMH provide detailed invoices of costs and services provided to Wraparound program participants. This is an improvement over the previous systems where funds were transferred to the Department of Mental Health for the Wraparound program regardless of actual costs incurred.

The departments have not fulfilled the MOU obligations to comply with State law and the County Wraparound plan, as discussed above in this section, and DMH has not prepared an evaluation of program and cost effectiveness since the MOU was executed. Department representatives have pointed out that there is no evaluator on staff at this time to perform the evaluations. Expedited processing of cash requests for Wraparound family needs as defined in the MOU has not been achieved. Department of Mental Health representatives report that this is due to County cash handling regulations overriding the terms of the MOU.

Regarding item #4 in the Chart 2.3, policies and procedures have not been defined by the two departments regarding reinvestment of program cost savings. As discussed in Section 3 of this report, the program had a fund balance of approximately \$173,244 at the beginning of Fiscal Year 2005-06 due to three years of under-spending available program funding. It is not clear if these are considered cost-savings which should be reinvested and, if so, there is no plan in place for how they will be reinvested. Further, the program has provided services to other children who are not assigned to the six authorized service allocation slots. Expenditures on these non-revenue generating children have not been defined as reinvested cost savings through they were made from unspent funds generated for the children in the service allocation slots. However, the services provided to the non-revenue generating children are not part of a final plan jointly decided on by management of DHS and DMH about how surplus funds can best be used. Again, the absence of a

management body for the Wraparound program has resulted in less than optimal program performance.

Conclusion

The Wraparound program is not operating in full compliance with its key governance documents: State legislation; the County Wraparound program plan; and, a Memorandum of Understanding between the Departments of Mental Health and Human Services. The State requirement for parent and family involvement in planning and assessing the program and for evaluation of the program are two key areas with which El Dorado County is not in compliance. County compliance with the State's requirement for thorough strengths-based assessments of each participating child and family are not documented.

The inter-departmental management structure called for in the program plan has not been implemented. This appears to be one of the key factors explaining under-expenditures of available program funding, lower service levels than anticipated, program budgets that have consistently been in excess of actual revenues and expenses and the absence of program evaluations.

The Department of Mental Health has admitted 48 children, at an average of 9.1 per month, to the Wraparound program in addition to those assigned to the County's six authorized service allocation slots. There are no official procedures for how these children are admitted to the program, how resource allocation decisions are made for these children and there is no program documentation about how they were selected and who was considered but not selected for this type of program participation.

The Wraparound program under-spent available funding by approximately \$173,244 between its inception in August 2002 and June 2005. The Memorandum of Understanding between the Departments of Mental Health and Human Services calls for reinvesting program savings in children's services. These terms have not been defined and procedures have not been established for how funds such as these will be spent. If such procedures were in place, the \$173,244 surplus could have been used for other services for the County's children over the last three fiscal years.

Recommendations

Based on the above findings, the El Dorado County Board of Supervisors should:

- 2.1 Formally delegate management responsibility for the Wraparound program to the multi-departmental Interagency Governing Council to continue to be comprised of, at minimum, the directors of the Departments of Human Services, Mental Health and Probation.
- 2.2 Direct the multi-departmental Interagency Governing Council Wraparound management team to meet regularly such as quarterly for the purpose of

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- overseeing the Wraparound program including setting annual program goals and objectives, determining funding and resource allocations at least once a year as part of the County budget process, establishing operational guidelines, receiving and reviewing regularly produced management reports on program outcomes and cost effectiveness, and making adjustments to program operations when needed.
- 2.3 Direct the multi-departmental Interagency Governing Council Wraparound management team to operate in compliance with State laws governing the Wraparound program.
 - 2.4 Direct the multi-departmental Interagency Governing Council Wraparound management team to prepare annual summary evaluations of program and cost effectiveness for their own review and transmission to the Board of Supervisors, to include documentation of: program compliance with State law; the team's meeting records; achievement of program goals; staff training records; accessibility of the program to the target population; and, program satisfaction by participating families.
 - 2.5 Direct the inter-departmental Wraparound management team to amend the County Wraparound Plan to include procedures and protocols for admitting and providing services to non-revenue generating children in the program who are not assigned to authorized service allocation slots.
 - 2.6 Direct the Wraparound inter-departmental management team to amend the program plan to include a definition of program "cost savings to be reinvested in children's services" and to establish procedures for how decisions will be made regarding expenditure of such funds.
 - 2.7 Direct appropriate County staff to draft a new Wraparound program Memorandum of Understanding for execution by the Departments of Mental Health, Human Services and Probation to replace the MOU among these departments that expired in September 2005.

Costs/Benefits

Implementation of the above recommendations will not involve new direct costs but will require staff time to implement the management structure defined in the County's Wraparound plan. The benefits of the recommendations will include establishment of a clearly designated management structure for the Wraparound program with the directors of the Human Services and Mental Health departments and other executive managers accountable to the County for the program's performance and fiscal management. Family participation and input will be improved and documented. Procedures regarding admission to the program for children not assigned to service allocation slots will be documented and available to County staff and the public.

3. Wraparound program fiscal management

- State and local funding is provided to the County's Wraparound program based on the number of "service allocation slots" filled by children participating in the program. Between its inception in August 2002 and June 2005, the County authorized six service allocation slots per month but filled an average of only 4.8. As a result, the County did not collect an estimated \$182,484 in available program funding that would have enabled services to an additional 18.7 children.
- In addition to under-recovered available revenue, program expenditures were approximately \$173,244 less than actual funding received during the three fiscal years reviewed. These unspent funds have been carried over each year and are still available for the program, but reflect lower service levels for program participants and unnecessary encumbrance of County General Fund monies during the review period. Combined with the \$182,484 in funds not recovered due to unfilled service allocation slots, the County did not provide \$355,728 worth of Wraparound services that could have been provided during the three fiscal years reviewed.
- During the three years reviewed, actual Wraparound program revenues were \$327,938 less than budgeted revenues and actual program expenditures were \$628,547 less than budgeted. These substantial variances reflect a lack of program planning and oversight by Mental Health and Human Services Department executive management.
- Total reported Department of Mental Health salary and benefits costs for Wraparound were only \$4,775 and \$10,912 the first two years of the program, respectively, but increased to \$304,547 in FY 2004-05. Department of Mental Health staff report that staff time sheet and billing records did not capture all staff time dedicated to the program in its first two fiscal years. If actual staff costs were higher than the amounts charged to program funds, those program costs were covered by other Department funding sources, inappropriately curtailing other services.
- Though encouraged by the Wraparound program concept, only \$9,307, or 1.5 percent of total program expenditures during the three fiscal years reviewed, have been spent on unique goods and services jointly identified by program participants, their families and County staff as being in the best interests of the child. Most of the program funding has been used for traditional County staff-provided services.

State Wraparound program law allows counties to apply for State foster care funding to be used flexibly in combination with County funds to provide services and goods to children who are designated by the county as being at risk of being placed in group homes. The amount allocated to the program per child is equal to what would otherwise be provided for their placement in a group home. Like all counties, rates paid by El

Section 3: Wraparound program fiscal management

Dorado County to group homes and other residential placement facilities are pre-approved by the State and vary depending on the subject child’s Rate Classification Level, or RCL, a standardized classification system for children in placement that measures their overall emotional and mental condition and determines the type of facility and services they need. Children placed higher on the RCL scale are provided higher levels of services and are thus reimbursed at a higher rate.

In El Dorado County, one of the higher level group home rates is \$5,994 per month, or \$71,928 per year. El Dorado County is required by the State to cover 60 percent of what would be paid for group home placements for Wraparound program participants and the State provides 40 percent. For the group home rate of \$5,994 per month, the County would be responsible for \$3,596 per month, or 60 per cent of the total, and \$43,156.80 per year per child.

The County has authorized six “service allocation slots” for the program, meaning State and County funding is provided each month to the program based on up to six children participating in the program. If all six slots were filled with children at the \$5,994 monthly rate, the County’s annual obligation would be \$258,940.80. Table 3.1 presents this distribution of costs.

**Table 3.1
Distribution of County and State Wraparound costs
for children with a \$5,994 monthly placement rate**

	State	County	Total
Distribution	40%	60%	100%
Cost per month	\$ 2,397.60	\$ 3,596.40	\$ 5,994.00
Cost per year	\$ 28,771.20	\$ 43,156.80	\$ 71,928.00
If six slots filled	\$172,627.20	\$258,940.80	\$431,568.00

County expenditure and revenue records show that the combination of State funds received and County funds allocated to the Wraparound program have been less than the amount that would have been available if all six slots were filled. This is explained by two factors:

- 1) the program has rarely had all six slots filled for a full month; and,
- 2) the participating slotted children are not always classified or reimbursed at the highest group home rate because they don’t always meet the highest RCL standards¹.

¹ An additional factor besides the rate of the participating child is that 50 percent of any placement costs incurred for the child are not reimbursed by the State.

Table 3.2 presents the actual average number of slots filled per month since the program began, the funds allocated to the program, and the average funding level per month per child. It is not surprising that children participating in the program are classified at a mix of RCL levels and are thus reimbursed at different rates. The fact that there have consistently been fewer than six children assigned to the program's service allocation slots represents a difference between Department management plans and actual program performance.

**Table 3.2
Actual Wraparound Program funding,
number of slots filled and average funding per slot**

	2002-03	2003-04	2004-05
Total State/County funds allocated ¹	\$188,916	\$296,096	\$287,442
Average # slots filled per month	4.2	5.3	4.9
Average program funds per slot/month ²	\$4,107 ³	\$4,627	\$4,872

Sources: Department of Mental Health financial reports, and Wraparound program participant records. Department of Human Services Foster Care claim records

¹ Amounts shown are annual allocations and do not include interest earnings on fund balances.

² Averages may be different than if manually calculated due to computer rounding of average number of slots filled per month.

³ Program operated for only 11 months in FY 2002-03.

The difference in program funding between what was actually allocated and what would have been available if all slots had been filled is presented in Table 3.3. As can be seen, the County could have had an estimated \$182,484 more available over the three years for the Wraparound program if all six program slots had been filled.

**Table 3.3
Program funding if all Six Service Allocation Slots had been Filled**

	2002-03	2003-04	2004-05	Total
Actual average # slots filled	4.2	5.3	4.9	4.8
Average program funds per slot/month ¹	\$4,107	\$4,627	\$4,872	\$4,421
Actual State/County funds allocated	\$188,916	\$296,096	\$287,442	\$772,454
Program funding if all six slots filled	<u>\$271,053</u> ²	<u>\$333,108</u>	<u>\$350,777</u>	<u>\$954,938</u>
Difference	\$82,137	\$37,012	\$63,335	\$182,484

Sources: Department of Mental Health financial reports, and Wraparound program participant records. Department of Human Services Foster Care claim records

¹ Averages may be different than if manually calculated due to computer rounding of average number of slots filled per month.

² Program operated for 11 months only in FY 2002-03.

Determining the number of children affected by the County not recovering the additional \$182,484 to which it was entitled requires first identifying the total number of children participating in the program. Besides the six authorized service allocation slots that can be filled by a qualified child, the County provides Wraparound program services to other children who are at risk of being placed in a group home but for whom the risk is not considered imminent. During the three year review period, the County has provided Wraparound services to an average of 9.1 non-revenue generating children per month in addition to the average 4.8 children assigned to the service allocation slots, for an average total of 13.9 children per month. As shown in Table 3.4, average actual expenditures per child per month were \$1,281 during the review period and average length of stay for program participants was 7.6 months per child. On that basis, the additional \$182,484 in program funds would have translated in to services for 18.7 more children from the inception of the program in August 2002 through the end of June 2005, as presented in Table 3.4.

Table 3.4
Number of children who could have been served
if Wraparound program
had recovered full funding
FYs 2002-03 through 2003-04

a.	Actual average service allocation slots/mo.	4.8
b.	# non-revenue generating participants	9.1
c.	# slots & non- revenue generating children/mo. = (a+b)	13.9
d.	Total actual expenditures	\$622,990
e.	# months of program	35
f.	Average actual expenditures per child per mo. ¹ =(d/e)/c	\$1,281
g.	Average length of participation/child	7.6 mos. ¹
h.	Un-recovered program funds	\$182,484
i.	# children that could have been served per month w/ unspent funds = (h/f)/g	18.7

Sources: Department of Mental Health financial reports, and Wraparound program participant records. Department of Human Services Foster Care claim records.

¹ Based on actual participant children records.

Wraparound program revenues and expenditures have been significantly less than the amounts budgeted

Besides under-recovering program funding, Table 3.5 shows that actual revenues and expenditures have been substantially less than the amounts budgeted over the life of the program. As a result, a substantial amount of program revenue that was expected and planned for the program, as reflected in the program's budget each year, was not collected or spent. As shown in Table 3.5, actual revenues for the three fiscal years starting in FY 2002-03 were \$796,234 or \$327,938 less than the \$1,124,172 budgeted. Actual expenditures during the same time period were \$622,990, or nearly half the amount budgeted.

**Table 3.5
Total Wraparound Program Revenues and Expenditures
FYs 2002-03 through 2004-05 (35 months)**

	Budgeted	Actual	Difference
Revenues ¹	\$ 1,124,172	\$ 796,234	\$ 327,938
Expenditures	<u>1,251,537</u>	<u>622,990</u>	<u>628,547</u>
Under/(over) expenditures	(127,365)	173,244	(300,609)
% revenue unspent	-11.3%	21.8%	-91.7%
# Service allocation slots	6	4.8	1.2
Revenue/slot/month ²	\$5,353	\$4,739	\$614
Expenditures/slot/month	\$5,960	\$3,708	\$2,252

Sources: Department of Mental Health financial reports, Wraparound program participant records. Department of Human Services Foster Care claim records.

¹ Revenues include interest earned on fund balances over the three fiscal years reviewed.

² Based on 35 months of program operations.

As shown in Table 3.5 and as previously discussed, an average of only 4.8 service allocation slots were filled each month rather than the six authorized. Reimbursement averaged \$4,739 per month per slot rather than \$5,353 assumed by the Department of Mental Health for budgeting purposes, reflecting lower average RCL classifications of program participants than assumed for the program budget.

The significant difference between budgeted and actual expenditures represents a lower level of service compared to what Department management expected and allowed for in the program budget each year of the review period. Average expenditures per service allocation slot assumed in the budgets of the three years reviewed was \$5,960 per month but actual expenditures were only \$3,708 per service allocation slot per month, or \$2,252 less than the amount assumed in the budget. These actual expenditures amounted to only 62 percent of the average expenditure amount per slot assumed in the program budget. This difference indicates either a lower level of service for program participants than management expected and/or a lack of management attention to program performance and fiscal matters.

The Wraparound program under-spent program funds available

Besides collecting less revenue than planned and budgeted for the program over the three year review period, the Department of Mental Health under-spent the funds that were collected by \$173,244. There are two primary explanations for this variance:

1. program revenues are determined independent of program spending and service level decisions; and,
2. not all staff time spent on the program was recorded on time sheets and billing records, according to Department of Mental Health representatives, resulting in under-stated expenditures.

As discussed above, Wraparound program revenues are generated based on the rates that would be paid for each child in a service allocation slot based on their RCL if that child were placed in a group home. Since the program was initiated in El Dorado County in FY 2002-03, average group home rates for the program participants and revenues generated have ranged from \$2,719 to \$7,900 per child per month.

Program expenditures, on the other hand, are determined based on decisions about services and support levels made by Department of Mental Health management and staff, with input from the children's families and support team. The revenues for each child remain the same regardless of services and goods provided through the Department of Mental Health. As shown in Table 3.5, \$173,244 of actual life of program total revenue collected for the program through June 2005, or 21.8 percent of total revenue, was not expended during those three fiscal years². The budgets for the three year period, on the other hand, assumed program expenditures would exceed revenues. When the \$173,244 in unspent revenue collected is combined with the \$182,484 in revenue that could have been collected if all service allocation slots had been filled during the life of the program through June 2005, a total of \$355,728 (\$173,244 + \$182,484) in program funding could have been used for services to at risk children.

To assess Department representations regarding poor time-keeping and billing records, a review of a sample of client service authorization documents, staff time sheets and staff billing was conducted as part of this audit. This review confirmed that staff time dedicated to the program has not been well documented and that more hours of staff time were provided to program participants than cost records indicate. Since many of those staff hours were not reimbursed by Wraparound program funds, it appears that other Department funds were covering those services inappropriately. While this resulted in under-expenditures of Wraparound program funds, it also means that funding that could have been used for other Department of Mental Health purposes was not available since it was used to cover Wraparound program services.

² This \$173,244 in unspent available funds is different than the previously discussed \$182,484 in funds never recovered for the program due to the County not filling all program service allocation slots

Reported Wraparound program staff costs increased dramatically and exceeded budget in FY 2004-05 after two years of being significantly under budget

Detailed Wraparound program expenditures and revenues are presented by year in Table 3.6. As can be seen, actual revenues were substantially less than budgeted revenues each year of the three years reviewed. Actual expenditures were substantially less than budgeted amounts for FYs 2002-03 and 2003-04 but were near equal in FY 2004-05. In FY 2004-05 the Department made partial use of the program’s \$327,692 end of year fund balance from FY 2003-04 which allowed actual expenditures to be greater than actual revenues. While some variation between budgeted and actual expenditures can be expected, the unexpended amount, \$173,244, represents a significant level of services that could have been but were not provided to at risk children in El Dorado County.

**Table 3.6
Budgeted and Actual Revenues and Expenditures
Wraparound Program
FYs 2002-03 through 2004-05**

	FY 2002-03 Budget	FY 2002-03 Actual	FY 2003-04 Budget	FY 2003-04 Actual	FY 2004-05 Budget	FY 2004-05 Actual
Beginning fund balance	-	-		\$158,501	\$127,365	\$327,692
SB 163 claimed revenue	\$365,604	\$188,916	\$431,568	296,096	325,000	287,442
Other revenue	-	16,772		2,378	2,000	4,630
Total revenues	\$365,604	\$205,688	\$431,568	\$456,975	\$454,365	\$619,764
Expenditures:						
Salaries and benefits	20,000	4,775	60,000	10,912	274,505	304,547
Department non-personnel costs ¹	23,104	-	24,568	524	24,468	11,230
Professional services ²	250,000	38,600	270,000	115,145	132,000	123,130
Client goods & services ³	52,500	3,812	57,000	2,702	19,050	2,793
Internal services ⁴	20,000	-	20,000	-	4,342	4,820
Total expenditures	\$365,604	\$47,187	\$431,568	\$129,283	\$454,365	\$446,520
Ending fund balance	-	\$158,501	-	\$327,692	-	\$173,244

Sources: Department of Mental Health financial reports, and Wraparound program participant records.
Department of Human Services Foster Care claim records.

¹ Expenses for materials & supplies for department operations such as office supplies, photocopiers, postage, etc.

² Expenses for services provided to participant children by Sierra Family Services and other contractors rather than in-house staff.

³ Expenses for non-departmental goods and services provided to children participants and their families such as lessons for the children, and transportation services for families as determined through staff and family Wraparound interactions.

⁴ Expenses for centralized County services provided to the Department of Mental Health such as information systems support, personnel services, etc.

For the first two fiscal years of the program, revenue and expenditure budget assumptions were extremely inaccurate. As shown, it was assumed that Department of Mental Health

Section 3: Wraparound program fiscal management

staff would provide very little direct service, as represented by the Salaries and Benefits line items, and that most program services would be provided by outside contractors through the Professional Services budget line item. Actual expenditures were much lower than budgeted for both in-house staff and outside contractors, reflecting lower services levels than what was expected by Department of Mental Health management.

In FY 2004-05, the situation changed drastically and the cost of staff time charged to the program increased from \$10,912 in FY 2003-04 to \$304,547, which exceeded the \$274,305 budgeted for salaries and benefits. For the first time since the program commenced, contractor services were near the amount budgeted. Revenue assumptions were still inaccurate but the difference between budgeted and actual revenues was not as great as in the previous two years.

A comparison of reported salary and benefits expenditures with the number of children served in the same years shows that expenditures per child were unrealistically low in FYs 2002-03 and 2003-04 and increased significantly in FY 2004-05. As shown in Table 3.7, each child would have received only an average of 1.2 hours of staff time per month in FY 2002-03 and 1.3 hours in FY 2003-04, followed by an increase to 37.3 hours per month if these cost records are correct. This is not consistent with service plans for the participating children or staff billing records. The fact that such low expenditures were recorded for two consecutive years followed by a dramatic increase in FY 2004-05 is an indicator of a lack of management oversight of the Wraparound program and its costs. Table 3.7 presents actual average staff salary and benefit expenditures per child per month based on the reported amounts for each fiscal year reviewed.

Table 3.7
Department of Mental Health
Average Reported Salary & Benefits Costs
per Wraparound Participant
FY 2002-03 through 2004-05

	FY 2002-03	FY 2003-04	FY 2004-05
Reported salary & benefits expenditures	\$4,775	\$10,912	\$304,547
Average # total children served/month	7.5	15.1	15.1
Average cost/child/month	\$57.88*	\$60.22	\$1,680.72
Hours of service/child/month @ \$45/hr**	1.2	1.3	37.3

Source: Department of Mental Health financial reports

* 11 months only in FY 2002-03 as program started in August of that year.

** Estimated average hourly rate for salaries and benefits of Mental Health Department staff. Not adjusted for annual differences.

Actual expenditures for Client Goods and Services, items identified by the participant children, their families and support groups and County staff as being in the best interests of keeping the children out of group homes, totaled only \$9,307, or 7.2 percent of the \$146,156 budgeted for this purpose and 1.5 percent of the \$622,990 total program expenditures during the three years reviewed. A key part of the Wraparound program is

having flexible funds available for services and goods other than County staff time that are not typically provided by government programs if it is determined by the child, their family and support team that such goods and services will be most effective in helping keep the child from being placed in a group home. Though the amounts spent in this way have been minor, the County has used some program funds for items such as karate lessons, food, gas and car repair for participating families. The records show that the County's approach to the program has been primarily to provide direct staff services rather than goods and services from external sources. It is not clear if these choices of services reflect what participating families want as the service plan records do not document family wishes for the participating child in many instances.

Conclusion

The County has not consistently filled all of its six authorized Wraparound program service allocation slots since the program was implemented in August 2002. Since State and local program funding is directly related to the number of slots filled, the County has not collected the maximum amount of funding that it could have had all slots been filled. Lost program funding between FYs 2002-03 and 2004-05 was approximately \$182,484 that could have provided services to an estimated additional 18.7 children over the life of the program through June 2005.

The County has significantly over-budgeted revenues and expenditures for the program, indicating that fiscal management oversight has not been adequate. Actual program funding and service levels have been substantially less than anticipated in the annual program budgets since FY 2002-03.

Besides recovering less Wraparound program funding than anticipated, the County did not expend \$173,244 over the life of the program in funding that was available for the program and could have been used to provide services. The funds are in reserve and can still be used for the program but it is not clear why the funding has not been used to provide services as it was received. Combined with the \$182,484 in funds not recovered due to unfilled service allocation slots, the County forewent \$355,728 worth of services that could have been provided to children at risk of group home placement during the three years reviewed.

Recommendations

Based on the findings presented in this section, it is recommended that the El Dorado County Board of Supervisors:

- 3.1 Direct the inter-departmental Wraparound management team and Chief Administrative Officer to review the Wraparound program FY 2005-06 revenue and expenditure budget, its assumptions about the number of children to be served, slots to be filled, actual number of "slotted" and non-revenue generating children served and actual revenues and expenditures year-to-date and report back to the Board within six weeks on whether adjustments should be made to make the budget more realistic.

- 3.2 Direct the inter-departmental Wraparound management team and Chief Administrative Officer to prepare a budget plan each year based on the actual revenues and expenditures for the previous year and documented assumptions about the number of children to be served, both slotted and discretionary non-revenue generating, and the nature of services to be provided in the budget year.
- 3.3 Direct the inter-departmental Wraparound management team to at least quarterly monitor actual program revenues and expenditures and number of children served for comparison to the budget.
- 3.4 Direct the Chief Administrative Officer to separately present the Wraparound program budget each year in the proposed Department of Mental Health budget document presented to the Board of Supervisors and to include planned and previous year actual numbers of slotted and discretionary non-revenue generating children program participants, hours of staff service provided, contractor service hours and expenditures for unique external goods and services.
- 3.5 Direct the inter-departmental Wraparound management team and Chief Administrative Officer to develop an expenditure plan for the approximately \$173,244 Wraparound program fund balance and transmit the plan to the Board of Supervisors for review.

Costs/Benefits

The costs of implementing the above recommendations will be mostly in the form of staff time. The benefits of the recommendations will include improved financial information for the Board of Supervisors, the public and program managers. Revenue and expenditure assumptions will be disclosed in public budget documents, enabling decision-makers to make adjustments to program operations when needed and to allocate resources and determine more realistic service levels than has been the case in the past three fiscal years.

4. Wraparound Program Records

- Claims for State Wraparound funding are filed by the Department of Human Services each month as part of its larger claim for Foster Care funding. A review of Department records showed that there is sufficient supporting documentation for the Wraparound program claims filed between FY 2002-03 and 2004-05.**
- The Department of Mental Health's Wraparound program accounting, timesheet and other records do not provide sufficient information to determine if program funding has been properly accounted for since the program's inception. A new record-keeping system implemented in February 2005 has improved this situation but since it was not in place for the first two and a half years of the program, it is not possible to accurately determine actual program costs during that time or the source of funding for all services provided.**
- A review of Department of Mental Health time sheets and contractor billings for four randomly selected months showed that actual staff hours and costs were higher than recorded in the Department's financial records. Time and cost records were not compiled or reviewed by program managers prior to February 2005 to ensure that program funding was appropriately used and accounted for.**
- Program records are maintained reporting the number of children assigned to service allocation slots but there is no documentation of the number of children considered for Wraparound service allocation slots who were not accepted in to the program. There is no documentation at all of the number of other at risk children considered for and accepted in to the program who are not assigned to service allocation slots. Such information should be recorded to document that all children in the program meet the eligibility criteria and to determine if adjustments are needed to the number of service allocation slots authorized by the County.**
- A review of treatment plans and time sheets for four randomly selected months showed variances between services planned for children in the program and what was actually delivered. While there may be valid reasons to divert from original treatment plans as a child's situation changes, a comparison of planned to actual staff and contractor hours and services should be regularly prepared to ensure that program resources are being allocated effectively.**

Claims to the State for Wraparound funds

The Department of Mental Health is the primary service provider for the Wraparound program. Department staff provides individual therapy, one-on-one mental health

services, group therapy, family therapy and case management services to children in the program, as well as indirect services such as program administration. Direct services are also provided by private organizations under contract to the Department.

As explained in Section 3 of this report, funding for the program is comprised of State foster care monies combined with a mandatory County General Fund contribution. The State monies are obtained through the County's monthly foster care claim. The claim is prepared by the Department of Human Services and submitted to the State Department of Social Services which then reimburses the County for the claimed amount with a combination of Federal and State funds. A County contribution is also required to cover total foster care costs.

The County's claim for Wraparound program funding is based on the number of children assigned to the six County-authorized service allocation slots. Funding provided for Wraparound, however, is for only the State portion of what would be reimbursed if the child were placed in a group home. The State funding covers 40 percent of that cost with the remaining 60 percent covered by the County. Unlike most other Foster Care programs, no Federal funds are provided for the Wraparound program. Services provided to program participants covered by Medi-Cal are deducted from the claimed amount.

To obtain State Wraparound funding, the Department of Human Services compiles documents showing the names and other information about the children assigned to the service allocation slots, including their Rate Classification Level (RCL) and what rate they would be charged if placed in a group home. A sample of such documents from four months from FY 2002-03 through 2004-05¹ were reviewed as part of this audit to ensure that claims were properly documented and consistent with Department of Mental Health service and cost records. Documentation reviewed included a sample of the claims forms and all back-up materials regarding the children in the Wraparound program, their RCL levels and their group home rates. The documentation reviewed showed that the Department had sufficient records to support the amounts claimed for the program. Journal entry records showed that the amounts claimed were combined with County General Fund monies and transferred to the Department of Mental Health for the Wraparound program as required by State law.

Department of Mental Health Wraparound services provided and staff costs cannot be fully determined from Department time sheets and billing records

For reimbursement from Medi-Cal and other third party payers, Department of Mental Health clinical staff are required to keep track of their time by patient and type of service provided. This time accounting system has been in place since before the Wraparound program was implemented in 2002, indicating that records should be readily available showing staff hours charged for services provided to Wraparound program participants. Unfortunately, such records are not available because the Department did not distinguish

¹ Claims documents from January 2003 through June 2005 were reviewed.

Wraparound program participants from other Department clients in their billing records until February 2005. The only way to determine staff hours provided to Wraparound children participants is to go through individual monthly client services statements and extract the hours of service received that were billed to Wraparound. This was apparently never done during that time and, as a result, staff costs billed to Wraparound were lower than actually incurred in FYs 2002-03 and 2003-04.

A review of a sample of client services statements and staff time sheets from the three review years indicates that the cost of most staff hours allocated to the Wraparound program were not charged to the program. As discussed in Section 3 of this report, that means that other Department of Mental Health funding sources that could have been used for other purposes were unnecessarily used for Wraparound program costs.

In FY 2004-05, the Department's salary and benefits costs charged to the program increased significantly as a system was implemented of charging a fixed amount of Department staff costs to Wraparound regardless of how much staff time was actually allocated to the program. Current Department staff does not have documentation on how these charges were determined as this was done under the jurisdiction of staff no longer employed at the Department. As a result, the legitimacy of the staff costs charged to the Wraparound program between July 2004 and January 2005 cannot be determined.

In February 2005, the method of charging staff time to the Wraparound program was changed again as a result of a new Memorandum of Understanding (MOU) executed that month between the Departments of Mental Health and Human Service. The MOU requires the Department of Mental Health to track staff time and prepare monthly invoices detailing the hours of service provided and other costs incurred, by child. As a result of this change, records now exist that detail how much staff time is spent and what costs are incurred providing services to Wraparound program participants. A determination can be fairly readily made of the legitimacy of costs charged to the program since this new cost accounting system was implemented.

Records of children admitted to the Wraparound program are incomplete

As discussed earlier in this report, children in the Wraparound program are either assigned to one of the County-authorized service allocation slots or they are accepted in to the program as non-revenue generating participants who are deemed by Department of Mental Health staff to be at risk of group home placement that is not considered imminent. State and local funding for the program is derived from the number of filled service allocation slots. To the extent that the funds generated exceed the amount expended on the children assigned to the slots, they are used for services for other non-revenue generating children.

As discussed in Section 2, assignment to service allocation slots is made by the Placement/Referral subcommittee, comprised of representatives of the County Departments of Mental Health, Human Services and Probation and the County Office of Education. Subcommittee meeting minutes show the names of all children assigned to

service allocation slots each month as well as any children entering or exiting the slots. The subcommittee discusses and approves the children identified as entering the system. What is not recorded in the subcommittee minutes or any other program documents is the children who are referred to the program but are determined to be ineligible or inappropriate for the program. This information should be compiled by the Department to determine if there is sufficient capacity in the program compared to need and for internal control purposes to demonstrate that all children considered for the program are evaluated by the same criteria.

There are no records documenting the eligibility and admission to the program for the children not assigned to service allocation slots. Rather than a documented process, these children are admitted through informal staff processes. While this approach probably results in admission of many qualified children to the program, it raises questions about how their risk of group home placement was determined, how many other children the staff considered and why they were not admitted to the program and how relative need is determined among children considered. Without clear criteria for admission to the program and a documented process for considering candidates, the potential is raised that not all children eligible for the program are being admitted or that different criteria are used for different children.

In considering how many service allocation slots the County authorizes and how program resources are allocated, it is important for program staff to know and document total need for the program and it is important for the public to know that there is a standardized process to determine eligibility for admission to the program, either in a service allocation slot or as a non-revenue generating participant. The number of children referred to the program and the number accepted should be documented, regularly reviewed by the program staff and periodically reviewed by the executive management team.

Discrepant treatment plans and client service records should be evaluated to assess program capacity and resource allocation

An assessment is conducted and a treatment plan prepared for each child receiving services from the Department of Mental Health or its contractors. A sample of treatment plans for children in the Wraparound program were reviewed from four months from the first three fiscal years of the program's operations and compared to client service statements, which report actual hours of service provided by individual child². A comparison of these documents showed discrepancies which in some cases, meant that the Wraparound program children did not receive the level of service detailed in the plan or, in other cases, more services than included in the treatment plan.

While changes in needs and services should be expected, compiling and comparing plan and actual service hours data would be a useful exercise for the program as it would allow for a determination of service capacity relative to need. As discussed in Section 3

² Detailed records were reviewed from November 2002, August 2003, April 2004 and May 2005.

of this report, Department of Mental Health budget records show that the Wraparound program under-spent its available funding between FYs 2002-03 and 2004-05 by approximately \$173,244. That would indicate that more of the services in the service plans not provided could have been, assuming that the children still needed the originally prescribed services. On the other hand, because of the unreliable program cost records maintained by the Department between FY 2002-03 and February of FY 2004-05, it could also be true that the Department did not have the capacity to provide the services it was prescribing. The Department could improve its ability to align its capacity with its service plans.

The Department should start each fiscal year with an estimate of available staff hours based on an assumed number of program participants and funding and incorporate this information into service plans so that services prescribed are reasonable relative to funding available and so that children receive services at or near the level prescribed in their treatment plans.

Conclusion

The County obtains State funding for the Wraparound program as part of the Department of Human Services' monthly claims for foster care reimbursement submitted to the State. A review of a sample of claims and supporting documents conducted for this audit showed that the Department has sufficient documentation about the program participants to justify the amounts claimed.

Department of Mental Health time sheet and cost records are not adequate to determine actual program costs and services provided prior to February 2005 when a new time and cost tracking system was implemented. While the new system is an improvement, other Wraparound program records are not being maintained to adequately document program costs, services and eligibility and admissions procedures.

Records are not maintained of the number of children eligible for the program who were not admitted. No records are maintained regarding which children are admitted to the program but not assigned to service allocation slots or children considered but not admitted to the program.

Program participant mental health treatment plans are not consistent with actual services delivered in many instances, possibly indicating a lower level of service than planned. Plans should be updated to reflect changes in prescribed services as conditions change and prepared in conjunction with an inventory of available service provider resources.

Recommendations

Based on the above findings, it is recommended that the Board of Supervisors:

- 4.1 Direct the inter-departmental Wraparound management team to include in its annual program evaluation provided to the Board of Supervisors: statistics on the number of children referred to and considered for the program; the number and backgrounds of those admitted to the program and assigned to service allocation slots; and, the number and backgrounds of those receiving services with Wraparound funding but not assigned to service allocation slots.
- 4.2 Direct the inter-departmental Wraparound management team to prepare written procedures regarding eligibility and services offered to children receiving services with Wraparound funding but not assigned to service allocation slots.
- 4.3 Direct the inter-departmental Wraparound management team to prepare annual estimates of staff and contractor availability for the program and to use this as a base line when service plans are prepared to ensure that there is greater consistency between service plans and service provider availability.

Costs/Benefits

Implementation of these recommendations will not involve new direct costs but will require staff time to implement. The benefits will include the provision of program staff and managers and the public with better information about program performance and procedures. Aligning treatment plans with actual service provider availability will result in treatment plans that are more consistent with actual services to be provided.