

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: A Special Report on the Department of Health and Social Services, Kenai Peninsula Community Care Center, Selected Operational Issues October 13, 2006.

PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we conducted a performance audit of the operations at the residential child care facilities of Kenai Peninsula Community Care Center (KPCCC or the Center). Included in the scope of the audit were some operational decisions and functions of the Office of Children's Services (OCS), and the Division of Juvenile Justice (DJJ), state agencies organizationally located under the Department of Health and Social Services.

REPORT CONCLUSIONS

We were directed to review and assess various issues related to the operations of KPCCC, in particular the Center's residential child care facilities. We concluded the following:

- The treatment environment at KPCCC is not inappropriate or unduly harsh, even in the light of serious incidents and what appears to be a high rate of runaways. The basis for this central conclusion is:

Notable incidents involving staff and residents were isolated events. We saw no report, nor received any report from contacts with state caseworkers, parents, or foster parents of ongoing abuse or harsh treatment of residents by KPCCC staff. OCS managers have commented that supervision of youth by staff could be improved. However, OCS and DJJ workers we interviewed do not believe the circumstances of the past serious incidents reflect a systemic deficiency in KPCCC's behavioral treatment model or the general capability of staff.

High runaway rates reflect the nature of the residential setting and youth involved, rather than major operational deficiencies. KPCCC has no written procedures on how staff is to handle youth who run away. The Center's management trains staff to counsel youth against running away, but do not encourage the physical restraint of residents about to runaway. Since KPCCC provides treatment in a semi-secure setting, staff does not have the authority to forcibly hold youth who want to leave.

State law requires youth in state custody, adjudicated or not, to be placed in the least restrictive setting. This policy often leads to situations where high risk youth are receiving treatment in a semi-secure setting. Before the youth can be placed in a more restrictive setting, the juvenile is given the opportunity to succeed in a less restricting placement. Doubt as to the level of supervision required for a given juvenile is typically resolved to the benefit of the youth, and the least restrictive option is chosen. Given this state policy, coupled with the semi-secure treatment setting, the rate of runaways is more a result of the combination of these factors rather than a reflective of a harsh treatment environment.

Limited survey responses indicate few problems or concerns with KPCCC.

- Juveniles discharged from KPCCC to foster care were placed in appropriate settings
- Treatment and service delivery are generally consistent with Medicaid documentation requirements
- Facility and staff qualifications generally meet standards
- Work done at KPCCC by OCS staff is consistent with the agency's staff development policy
- KPCCC's expenditures and revenues are consistent with reported budget amounts
- Transportation expenditures for youth travel appears reasonable

FINDINGS AND RECOMMENDATIONS

1. The executive director of the Kenai Peninsula Community Care Center (KPCCC) should strengthen the procedures related to maintaining adequate documentation, required by state regulations, on the treatment of youth.
2. The executive director of KPCCC should assign a staff member the specific responsibility to develop and maintain required personnel files documents.
3. The ethics officer for the Department of Health and Social Services should coordinate with OCS' management to develop a policy regarding disclosure of state employees' work with community based agencies while on educational leave.

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October 24, 2006

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES KENAI PENINSULA COMMUNITY CARE CENTER SELECTED OPERATIONAL ISSUES

October 13, 2006

Audit Control Number

06-30036-06

The central issue addressed in this audit report is the treatment environment at the Kenai Peninsula Community Care Center. Concerns had been raised because of various incidents involving both residents and staff along with what appeared to be a large number of youth running away from the facility. Other specific operational concerns are also addressed. Included in the scope of the audit were some operational decisions and functions of the Office of Children's Services, and the Division of Juvenile Justice within the Department of Health and Social Services.

The audit was conducted in accordance with generally accepted government audit standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in black ink that reads "Pat Davidson".

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we conducted an audit of Kenai Peninsula Community Care Center (KPCCC or the Center). Included in the scope of the audit were some operational decisions and functions of the Office of Children's Services, and the Division of Juvenile Justice, state agencies organizationally located under the Department of Health and Social Services.

Objectives

The primary objective of the review was to develop an overall assessment of the operations at KPCCC. Most specifically, the review assesses the treatment atmosphere of KPCCC's residential programs. Specific incidents reflecting inappropriate or injudicious conduct by staff, coupled with what appears to be a large number of youth running away from the facility, raised concerns about how youth in treatment are being supervised at the facility.

In addition to the central issue of overall treatment environment, we were directed to specifically review several specific aspects of KPCCC operations. Some of the areas addressed also involved consideration of certain operations and procedures of state agencies responsible for supervising the juveniles receiving treatment at KPCCC. The specific areas reviewed were as follows:

1. Discharge placements. Reports that some youth discharged from KPCCC were placed in foster care outside their home community were reviewed. Such placements are considered more restrictive than a foster care placement in the youth's original home community. Although such decisions are made by state agencies and not by KPCCC, these placements were reviewed to assess if they were consistent with state law and agency policy.
2. Medicaid Billings. KPCCC's documentation supporting the Center's billings for Medicaid reimbursement was reviewed. The assessment primarily focused on the Center's compliance with regulations related to provision of behavioral rehabilitation and mental health treatment services.
3. Standards related to facility licensing and staff qualifications. KPCCC's facilities and staff must meet certain standards for the Center to maintain licensure as a residential youth treatment facility. This review included an assessment of KPCCC's compliance with these requirements for both the Center's physical facility along with the training and qualifications of its staff.

4. OCS personnel working at KPCCC. In recent years, two state employees worked at KPCCC while on unpaid leave from their positions with OCS. Since OCS is an agency that interacts with and supervises many of KPCCC's activities, the circumstances of such work were reviewed for consistency with the state ethics standards and reasonableness.
5. Financial Information. Review and analysis of budgets, along with operating expenditures and revenues, were also incorporated into the review.
6. Transportation of youth. The nature and extent of travel costs involved with youth in residential treatment was also included in the scope of the review.

Scope and Methodology

In order to meet these various objectives of the review, our fieldwork included:

- Review of departmental and division policies and procedures related to the placement and supervision of children in custody of the State.
- Review of regulations related to licensing facilities that are responsible for providing residential treatment to children in custody of the State.
- Review of regulations related to description and support for billings for behavioral treatment services reimbursed through the state's Medicaid program administered by the Division of Health Care Services.
- Review of KPCCC's operations, policy and procedures manual.
- Interviews with personnel from the Division of Juvenile Justice and Office of Children's Services, Division of Health Care Services, KPCCC, and contractors responsible for the Center's administrative accounting and financial audit.
- Analysis of applicable grants and grant applications for compliance with requirements related to the funding provided.
- Examination of personnel files for compliance with state facility licensing requirements.
- Review of the supporting documentation related to selected billings for treatment services reimbursed through the state's Medicaid program.
- Review youth case files for required Medicaid documentation.
- Observations of youth and KPCCC staff interactions.

- Review of routine reports completed to document a resident's progress in treatment and disciplinary incidents. The incident, reported, reviewed covered the period of January 2003 through March 2006. The sources we used to identify the incident reports included: (1) file at KPCCC for FY 06 reports; (2) quarterly funding and activity reports submitted to the State for FY 04 and FY 05; and (3) monthly census reports submitted to the State for FY 02 and FY 03.
- Review of financial statements and supporting audit working papers developed to meet state audit requirements.
- Survey parents and foster parents of youth who received residential treatment at KPCCC.
- An interview with the assistant attorney general at the Department of Law responsible for advising state agencies regarding the applicability of, and compliance with, the Executive Branch Ethics Act.

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ORGANIZATION AND FUNCTION

Kenai Peninsula Community Care Center (KPCCC or the Center) was founded in 1973 to meet the needs of runaway and homeless youth in the Kenai Peninsula borough. Several years later, the agency expanded their services to provide group and shelter care to youth in the custody of the State of Alaska. KPCCC became a nonprofit agency in 1983. The mission statement of KPCCC is to promote positive family living in our community through treatment, shelter, and education.

KPCCC is governed by a nine-member board with established bylaws. The board consists of a variety of community members including a former youth probationer, a local private practice attorney, a police officer, a government relations coordinator for a private sector business, and retired business persons. The board meets quarterly and the meetings are open to the public.

The staff of KPCCC is divided into four major functions of administration, program oversight, social service, and direct care. KPCCC currently has 36 full-time, 8 part-time, and 3 on-call staff in its \$1.5 million FY 06 operating budget. A brief description of the services provided by each function is as follows:

- Administration: The executive director is responsible for all fiscal, programmatic, personnel and administration oversight. A Medicaid billing clerk and administrative clerk carry-out day-to-day administrative support duties.
- Program Oversight: Program managers are responsible for the direct supervision of all family teaching staff, delivery of treatment consistent with standards and state requirements, and staff training.
- Social Service: Two grants for providing services outside the Center's residential setting fund two licensed social workers. Services primarily involve counseling to families. One master-level, licensed clinician provides therapeutic counseling to youth in residence at the Center.
- Direct-Care: Family teachers, assistant family teachers, "awake" night, and on-call personnel are responsible to provide 24-hour residential supervision and care of the youth living at the facilities. The services by the direct care staff are provided in a variety of settings and consist of trying to help youth develop essential coping skills.¹

¹ Types of coping skills are relationship, academic, social, self-care, and conflict resolution.

Department of Health and Social Services

The Department of Health and Social Services (DHSS) was established to administer the laws and regulations relating to the promotion and protection of the health and well-being of Alaskans. The department is responsible for a wide variety of health and social service programs. Traditionally, programs included medical assistance, public assistance, children's services, youth corrections, alcoholism and drug abuse, mental health and developmental disabilities, and public health.

Office of Children's Services

The Office of Children's Services (OCS) has administrative responsibility for the development and implementation of the Child and Family Services Plan, including all policies and procedures relating to child protection services, child placement services, adoption, family preservation, and family support. In addition, beginning in FY 04, OCS administers the Women, Infant and Children's Program, the Early Intervention Program, and the Healthy Families Alaska Program.

There are 28 field offices under four regional offices in Fairbanks, Palmer, Anchorage, and Juneau. The OCS deputy commissioner oversees more than 450 employees. The division's FY 06 operating budget was more than \$140 million.

Division of Juvenile Justice (DJJ)

In its provision of counseling and other services, the Division of Juvenile Justice's (DJJ) operating philosophy centers around what is termed the restorative justice model. Restorative justice is based on the premise that all the parties involved in, or affected by, a crime should be restored to their original condition.

DJJ's mission is to hold juvenile offenders accountable for their behavior, to promote the safety and restoration of victims and communities, and to assist offenders and their families in developing skills to prevent further crime. Victims receive restitution from the offender and have the option of actively participating in the services provided to the juvenile.

DJJ operates in four regions: Northern, Southcentral, Anchorage, and Southeastern; with regional offices in Fairbanks, Palmer, Anchorage, and Juneau. The 14 field offices are located throughout rural Alaska. DJJ oversees eight secured youth facilities with a capacity of just over 130 for youths waiting for a decision on the outcome of their offenses; and, a capacity of more than 150 for youths who are receiving long-term treatment.

The DJJ director supervises more than 450 employees. The FY 06 operating budget was almost \$41 million. Almost a fourth of this total was involved with probation services and delinquency prevention, with the other three-fourths related to operating costs of the division's youth facilities.

BACKGROUND INFORMATION

Kenai Peninsula Community Care Center (KPCCC or the Center) is a private nonprofit organization that primarily provides behavioral and mental health treatment services to juveniles (youth ranging in age from 12 to 19) in state custody. Services are provided both in a residential setting at KPCCC, and to youth discharged to therapeutic foster homes. KPCCC also provides counseling services to adults, children, and families referred by the State's Office of Children's Services (OCS) in the Department of Health and Social Services (DHSS).

KPCCC provides residential treatment at two different levels of care

The state classifies residential treatment care for youth into five different categories. The higher the designated care level, the more secured, or restricted, the treatment setting. The five levels, in ascending order, are as follows:

- Level I – Day Treatment
- Level II – Emergency Stabilization and Assessment Shelter (ESAS)
- Level III – Residential Child Care Treatment
- Level IV – Residential Diagnostic Treatment
- Level V – Residential Psychiatric Treatment

KPCCC provides Level II and Level III residential treatment services. Services provided at each of these two levels of care are as follows:

- Level II – ESAS (also referred to as Emergency Care). ESAS provides 24-hour temporary residential care for youth who: (1) are in immediate danger in their present environment; or, (2) need short-term, temporary placement, and may need to be stabilized either emotionally or behaviorally. Youth placed in ESAS are typically classified as in crisis due to either: (1) abuse or neglect; or, (2) having committed a delinquent act. Whatever the source of the crisis, the situation requires removal from the youth's family home or other placement.

Services are designed to support the youth and resolve the immediate crisis, stabilize behavior, and assist in the return home or to an alternative placement. Emergency shelters are designed to treat youth for up to 30 days. If it proves difficult to appropriately place the juvenile, state regulations allow the stay in emergency care to be extended an additional 30 days. KPCCC's emergency care shelter houses up to five youth.

- Level III - Residential Child Care Treatment (RCCT). The RCCT program provides 24-hour treatment for youth with emotional and behavioral disorders. This level of service is designed for youth who are in need of, and are able to respond to, therapeutic intervention. It has been determined these youth cannot be treated effectively in their own family, a foster home, or in a less restrictive and structured setting. The length of stay at a RCCT facility can range from six months to multiple years.

Many of the youth in such programs typically have one or more of the following:

- (1) a history of being physically and sexually abused;
- (2) an inability to adjust and progress in a public school; and,
- (3) a lack of educational, social, behavioral, and coping skills critical to development.

KPCCC operates two RCCT facilities: community based and long-term. The long-term facility provides residential treatment to sex offenders while the community based unit deals with other behavioral problems. Each facility houses up to five youth.

The residential programs at KPCCC are designed to both rehabilitate juvenile offenders and treat youth who are victims of abuse or neglect. Residential treatment and care involves providing 24-hour supervision while treating the psychosocial, emotional, and behavioral disorders. Services are designed to address both the immediate and long-term treatment needs of youth in the custody,² or under the supervision, of the State. Services include early intervention, stabilization, and development of appropriate coping skills. Service plans are developed based on the recommendation of a licensed mental health practitioner.³

Most placement of Kenai Peninsula youth is made to the short-term emergency shelter

All youth placed in KPCCC are in the legal custody of either OCS or the Division of Juvenile Justice (DJJ). Although OCS purchases treatment beds under three separate grants, most of the youth served are in DJJ custody. From FY 04 through FY 06, of the 189 juvenile placements made with KPCCC, 154 were under the supervision of DJJ.

Of the 35 youth placements made by OCS into KPCCC, most were placed in the emergency shelter and were from the Southcentral region of the State. All these youth were taken into custody due to abuse or neglect.

Youth under the supervision of DJJ make up over 80 percent of the youth residing at KPCCC. As reflected in Exhibit 1, most of DJJ youth are from the Southcentral region and are placed in the emergency shelter. DJJ takes custody of youth for various reasons ranging from truancy to more serious delinquent behavior.⁴

² Before the State can take custody of a minor, a state court must determine the youth is a child-in-need-of-aid or the youth has been found to have committed a delinquent act.

³ KPCCC contracts with a licensed psychologist to assess youth and assist in developing treatment plans.

⁴ Delinquent behaviors include theft, vandalism, drugs, and sexual abuse.

Exhibit 1

Youth Placements at KPCCC Summarized by State Agency, Administrative Region, and Treatment Category FY 04 through FY 06				
Regions	Residential Facilities			Total
	Community Based	Emergency Shelter	Long-Term	
Division of Juvenile Justice				
Anchorage	5	3	2	10
Northern ⁵	11	8	11	30
Southcentral ⁶	11	100	3	114
Total	27	111	16	154
Office of Children’s Services				
Anchorage	0	1	0	1
Northern	3	0	0	3
Southcentral	2	29	0	31
Total	5	30	0	35
Combined Total, Both Agencies	32	141	16	189

Source: Department of Health and Social Services, Grants and Contracts Unit; KPCCC grant records

Youth discharged from KPCCC often go home, to foster care, or run away from the facility

State law related to placement of youth in state custody is set out at AS 47.14.100(e)(1):

When a child is removed from a parent’s home, [DHSS] shall place the child, in the absence of a showing of good cause to the contrary, in the least restrictive setting that most closely approximates a family and that meets the child’s special needs. . . [emphasis added]

Since placement in a residential facility such as KPCCC represents a more restrictive setting than that of a family or foster care, a formal review process is followed. Such a process involves the youth’s caseworker and an OCS or DJJ regional placement committee.⁷ Placement is for a specified period of time, and generally occurs only after less restrictive placement options have been found to be unworkable or otherwise inappropriate.

⁵ Northern region includes the communities of Kotzebue, Bethel, and Nome.

⁶ Southcentral region includes communities of Kenai, Homer, Kodiak, and Seward.

⁷ Regional placement committees consist of three members, typically state agency employees. The chairperson of a given committee is designated by the agency’s regional supervisor and must have at least the job level of probation officer III or social worker IV. Not more than one member of the committee may be in a lower job classification as the chair.

Procedures for placement are set out in DJJ’s Youth Corrections Manual, and in OCS’ Child Protective Service Manual.⁸ These manuals reflect state law related to placement of youth in state custody. The procedures require youth be placed in the restrictive setting closest to the youth’s home community consistent with identified treatment needs. KPCCC is the only residential youth behavioral treatment facility on the Kenai Peninsula. Accordingly, in order to comply with state law, DJJ and OCS staff on the Kenai Peninsula⁹ will regularly refer the youth to KPCCC for treatment services if space is available.

After treatment at KPCCC, youth are either: (1) placed less restrictively either with their parents, foster parents, or guardian; or, (2) placed in a more restrictive residential treatment or correctional facility. The determination for placement is at the discretion of the state agencies involved. As reflected in Exhibit 2, many youth run away from KPCCC – essentially discharged without any formal review.

Exhibit 2 statistics do show most of the youth discharged from KPCCC are placed with their parents or with foster parents. About 15 percent of the youth are placed in youth correctional facilities. Almost 16 percent of the youth are discharged to another residential facility, which may be more or less restrictive than KPCCC. Over 21 percent of the youth ran away from the Center.

Exhibit 2

Youth Discharged from KPCCC ¹⁰ FY 04 through FY 06									
Placement upon Discharge	FY 04		FY 05		FY 06		Total		Total
	OCS	DJI	OCS	DJI	OCS	DJI	OCS	DJI	All
Parents or Relative	3	23	3	16	4	11	10	50	60
Foster Parents	1	3	5	3	4	1	10	7	17
Other Residential Facility	1	7	1	7	4	6	6	20	26
Correctional Facility	0	7	0	7	0	11	0	25	25
Runaway	3	10	2	11	1	8	6	29	35
Total	8	50	11	44	13	37	32	131	163

Source: Department of Health and Social Services, Financial Management Section, Grants and Contract Unit, KPCCC grant files

Most of KPCCC revenues come from Medicaid for counseling and treatment services

Exhibit 3 on the opposite page summarizes the funding received by KPCCC for FY 05 – the last year for which complete audited information is available. As shown in the exhibit, the organization took in just under \$1 million of its more than \$1.3 million in funding from Medicaid reimbursement for services it provided to juveniles in custody of the State.

⁸ Youth Correction manual 6.2.2, “Placement will be selected which best provides the least restrictive level of supervision ... meets the youth’s special needs ... and as near to the youth’s family as possible.” Child Protective Service manual 3.4, “... placements will be in the least restrictive setting closest to home, that meets the needs of the child.”

⁹ Staff located in the Homer, Seward, Valdez, Kodiak, Cordova, and Dillingham offices.

¹⁰ During FY 04 and December 31, 2005, 20 youth were placed in and discharged from KPCCC more than once. Each “discharge” is reported separately.

Exhibit 3

Kenai Peninsula Community Care Center Summary of Revenues By Funding Sources FY 05	
Department of Education and Early Development	
National School Lunch Program	\$12,735
Department of Health and Social Services	
<u>Division/Program Name¹¹</u>	
Division of Behavioral Health	
Behavioral and Mental Health Treatment	\$14,416
Division of Juvenile Justice	
Non-Secure Attendant Shelter	\$25,000
Office of Children's Services	
Residential Child Care Facility	
- Emergency Shelter	73,000
- Residential Child Care Treatment	
•Community Based	73,000
•Long-Term (sex offender)	73,000
Non-Residential programs	
- Family Preservation	45,191
- Time Limited Family Reunification	<u>28,051</u>
Total OCS	\$292,242
Total Program Amounts	<u>\$344,393</u>
Medicaid Fees for Services	<u>\$969,865</u>
Total State Revenue	<u>\$1,314,258</u>
Non-State Revenues	
Family Emergency Management Agency	\$995
United Way	<u>13,827</u>
Total Non-State Revenue	\$15,418
Total Revenue	<u>\$1,329,080</u>

Sources: Department of Health and Social Services, Financial Management Services, Grant and Contracts Unit; Medicaid Management Information System, and KPCCC FY 05 draft financial statements.

¹¹ FY 05 funding based on grant award amount.

Other funding sources include:

1. National School Lunch Program. This is a federally-assisted meal program that provides funding and surplus agricultural products for schools and residential child care institutions such as KPCCC. The funding provides for nutritionally-balanced, free lunches to school aged children.
2. Behavioral and Mental Health Treatment Grant. Funding provided under this program is to assist in the training and support of therapeutic foster homes.

Services provided through this state grant are for youth in KPCCC's therapeutic foster care program. Services address various needs not specifically covered by Medicaid or other funding from OCS and DJJ.

3. Non-Secure Shelter. This DJJ grant provides for supervised emergency shelter care for homeless and runaway youth.¹² Juveniles detained are typically brought in by law enforcement and are housed for up to 12 hours awaiting further action.
7. Residential Bed Funding. For the 15 beds KPCCC operates (five each in the ESAS, and the two RCCT categories – community based and long-term) for residential treatment, the State provides three \$73,000 grants. Funding primarily is designed to cover basic costs involved with maintaining 15 spaces for use by the State. The funding is to cover such costs as building lease, utilities, supplies, and equipment.
8. Family Preservation. Program funding provides various services to OCS-referred clients designed to help children and families at risk or in crisis. Services are provided in the homes of the referred families and include intensive preventive services designed to help children at risk of foster care placement remain safely with their families. Other services include follow-up counseling to families where a child has been returned after a foster care placement or after a report of child abuse or neglect has been substantiated.
9. Family Reunification. KPCCC also receives funding for providing services to families with children in foster care or the residential facility. The goal of the program is to reunify the child with the parents or primary caregiver within 15 months of placement in foster care or a facility.

Services include in-home services, supervised visitations, structured activities, transportation, parenting education and support services, anger management counseling, substance abuse treatment, mental health services, counseling and education for victims of domestic violence, and case management services.

¹²Non-secure shelter is distinct from Emergency shelter, in that it provides no treatment, but as discussed, is primarily provided as a resource to law enforcement. Funding provides supervision of homeless, unsupervised youth “on the street” not formally under the supervision or custody of the State. Youth in such situations are often “picked up” by law enforcement for the juvenile’s own protection.

A large part of Medicaid funding goes to assessment and treatment of youth

Upon admission to KPCCC, each youth receives a comprehensive assessment that identifies immediate and specific behavioral rehabilitation needs. Based on this assessment a treatment plan is developed. The plan consists of goals, objectives, and services¹³ to address the youth’s behaviors. Progress notes document the services the youth received and their progress toward specific behavioral goals. Since all KPCCC residents are in the custody of the State, these assessments and treatment are covered by Medicaid.

Exhibit 4

Kenai Peninsula Community Care Center Medicaid Services Summarized by Category FY 04-06			
<u>Category</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
Behavioral Rehabilitation Services	\$ 739,200	\$ 755,100	\$ 709,300
Mental Health Clinical Services	103,400	52,800	57,500
Mental Health Rehabilitation Services	195,000	161,900	156,300
Total	<u>\$1,037,600</u>	<u>\$ 969,800</u>	<u>\$ 923,100</u>

Source: Department of Health and Social Services, Financial Management Services, Medicaid Management Information System.

Residential treatment programs provide Behavioral Rehabilitation Services (BRS) and treatment for children with emotional and behavioral disorders. BRS is defined as “*early intervention and stabilization services to help severely emotionally disturbed children develop essential and appropriate coping skills.*”¹⁴

Facilities providing 24-hour residential child care and BRS must deliver services at or above the basic care requirement. These services typically include such things as:

- making sure the youth’s medical and dental needs are met;
- provision of food, clothing, and school supplies;
- continued education, including tutoring and/or supervised study;
- group recreation; and,
- working with either the biological, foster, or adoptive, family to aid in the transfer of the youth to their home or an alternative placement.

These basic care services are overseen through the planned, structured supervision by professionally trained staff.

¹³ Services include environment or “milieu” therapy, crisis counseling, supportive counseling, skills training, and case management.

¹⁴ Description of services taken from state regulations at 7 AAC 43.481(e).

Transportation of youth in KPCCC care

Transportation of youth who are in the care of KPCCC is most typically funded in one of three ways: (1) reimbursement through Medicaid, (2) other state agency funding (most typically either OCS or DJJ), or (3) KPCCC. (See Exhibit 5) Transportation funded by Medicaid requires health care providers to contact the state’s contractor to obtain prior authorization for medical services.

Youth under the custody of OCS or DJJ may be required to travel for: emergency placement; residential care; adoption and guardianship; visits home or to relatives; and, for reunification with family. Before a resident travels for a home visit a request must be submitted to, and approved by, the Center’s executive director. Depending on the youth’s behavior and progress in treatment, the executive director may or may not approve the youth’s request. After the executive director approves a request, the youth’s social worker or probation officer provides the final approval of the youth’s travel.

The process for authorizing youth transportation by OCS and DJJ is outlined in each agency’s policy and procedures manual. The youth’s social worker or probation officer must complete a travel authorization and request for funds for the youth’s travel. Final funding approval is given by the state employee’s immediate supervisor, staff manager, and, in case of OCS, the regional children’s services manager.

KPCCC provides day-to-day transportation for youth while in their care for medical appointments, education drop-off and pick-up,¹⁵ personal shopping, airport drop-off and pick-up, family visits, and recreational activities.

Incident reports provide documentation of, and perspective on, treatment environment

In a residential treatment facility, such as KPCCC, a written record of various incidents is routinely developed. This written record serves to document the circumstances and response to incidents growing out of the supervision and rehabilitation of juveniles. Incident reports typically reflect treatment progress, behavioral problems,¹⁶ or health issues of the youth involved. Under state regulations,¹⁷ KPCCC is required to report serious incidents to the relevant state agencies.

Exhibit 5

FY 05 Transportation Expenditures For Youth Residents	
<u>Purpose</u>	<u>Total</u>
Medicaid	\$ 370
State Agencies	3,207
KPCCC	<u>17,984</u>
Total	\$ <u>21,561</u>

Sources: Division of Juvenile Justice, Office of Children’s Services, Health Care Services Medicaid Management Information System. KPCCC financial statements.

¹⁵ Most of the youth at KPCCC attend public school; however, several are transported to Kenai Peninsula Youth Facility for tutoring at a structured, secure facility.

¹⁶ Examples of behavioral problems would include verbal threats to peers and staff, fighting among peers, suicide threats, and running away from the facility.

¹⁷ 7 AAC 50.140

No log is kept of incident reports. Accordingly, it was not possible to determine the total number of incident reports that are typically written during a given period of time. As part of this review, more than 200 incident reports were located and reviewed.

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REPORT CONCLUSIONS

The primary objective of the review was to develop an overall assessment of the operations at the Kenai Peninsula Community Care Center (KPCCC or the Center). Most specifically, the review assesses the treatment atmosphere of KPCCC's residential programs. Specific incidents reflecting inappropriate or injudicious conduct by staff, coupled with what appears to be a large number of youth running away from the facility, raised concerns about how youth in treatment are being supervised.

From our review and analysis, we concluded the following:

- The treatment environment at KPCCC is not inappropriate or unduly harsh, even in the light of serious incidents and what appears to be a high rate of runaways
- Juveniles discharged from KPCCC to foster care were placed in appropriate settings
- Treatment and service delivery are generally consistent with Medicaid documentation requirements
- Facility and staff qualifications generally meet standards
- Work done at KPCCC by employees of the Office of Children Services (OCS), while on educational leave from the State, is consistent with the agency's staff development policy
- KPCCC's expenditures and revenues are consistent with reported budget amounts
- Transportation expenditures for youth travel appears reasonable

Incidents and runaway rates at KPCCC do not reflect an inappropriate treatment environment

There have been three major incidents in recent years involving the conduct of KPCCC staff and youth that has raised concerns about the treatment environment at the Center. In one instance, alleged sexual contact between a staff member and resident was not reported to the appropriate state agency at the time it initially occurred. In another incident, a KPCCC staffer assisted a resident in running away from the facility, which eventually resulted in the individual being convicted of contributing to the delinquency of a minor. In a third situation, OCS investigated and recommended better supervision of residents after confirming a report that youth at the facility were "sexually hazing" a newly admitted resident.

Despite these incidents, given the context of the treatment setting coupled with the nature of the juveniles typically under its supervision and care, KPCCC is performing satisfactorily. The organization is operating in a manner consistent with funding agency expectations, licensing regulations, treatment requirements, and to the extent we were able to solicit such opinion – is satisfying the parents, guardians, and foster parents of the youth involved.

The basis for our conclusion is as follows:

1. Notable incidents involving staff and residents were isolated events. A review of more than 200 incident reports provided perspective on many of the problems that arise from supervising youth in residential treatment at the Center. Our review concluded the three cited incidents were isolated occurrences. In most situations, the reports reflected circumstances where KPCCC staff responded with appropriate and timely judgment and action. With one exception, KPCCC management, when informed of the situations took appropriate disciplinary and remedial action with both residents and staff.

In the case of the noted exception, it is unclear how timely KPCCC management reacted to a report of sexual contact between a staff member and resident. According to internal OCS correspondence, KPCCC management failed to report this incident as a report of harm when it occurred. However, the executive director states that she was not aware of the incident until after the child had left KPCCC. Once she learned of the incident she took action to terminate the employment of the staff member involved.

We saw no report, nor received any report from contacts with state caseworkers, parents, or foster parents of ongoing abuse or harsh treatment of residents by KPCCC staff. OCS managers have commented that supervision of youth by staff could be improved. However, OCS and DJJ workers we interviewed do not believe the circumstances of the past serious incidents reflect a systemic deficiency in KPCCC's behavioral treatment model or the general capability of staff.

2. High runaway rates reflect the nature of the residential setting and youth involved, rather than major operational deficiencies. The review of incident reports included 47¹⁸ related to youth who ran away from KPCCC custody. Thirty-one of the incidents took place on KPCCC property while the other 15 took place when the youth were off-site.¹⁹

The circumstances surrounding these incidents suggested the high rate of runaways stemmed primarily from the less restrictive, semi-secure²⁰ nature of KPCCC, rather than being indicative of inappropriate or harsh treatment by staff.

KPCCC has no written procedures on how staff is to handle youth who run away. The Center's management trains staff to counsel youth against running away, but do not encourage the physical restraint of residents about to run away. Since KPCCC provides

¹⁸This number does not agree with Exhibit 2, on page 10, primarily because of timing differences.

¹⁹ Such as at school, drug treatment center, or scheduled activity.

²⁰ Alaska Statute 47.10.141(j)(2) when defining the term "semi-secure" seems to anticipate that there may be a certain level of runaway activity:

"semi-secure" means operated according to the standards that may be established by the department in regulations that are designed to require a level of security that will reasonably ensure that, if a minor leaves without permission, the minor's act of leaving will be immediately noticed.

treatment in a semi-secure setting, staff does not have the authority to forcibly hold youth who want to leave. Once KPCCC personnel become aware a resident has left, law enforcement and the responsible OCS or Division of Juvenile Justice (DJJ) worker are notified.²¹ Once the relevant state agency is notified, the state worker responsible will take steps to locate and return the youth to the authorized placement.

Exhibit 6

KPCCC Runaway Youth Summarized by Location of Youth When Incident Occurred				
Location of Runaway Occurrence	<u>Residential Facility</u>			Total
	Community Based	Emergency Shelter	Long- Term	
KPCCC Property	9	19	3	31
Off-site from KPCCC	<u>10</u>	<u>5</u>	<u>1</u>	<u>16</u>
Total	19	24	4	47

Source: KPCCC incident reports and monthly attendance reports.

State law requires youth in custody, adjudicated or not, to be placed in the least restrictive setting. This requirement often leads to situations where high risk youth are receiving treatment in a semi-secure setting. Before the youth can be placed in a more restrictive setting, the juvenile is given the opportunity to succeed in a less restricting placement. Doubt as to the level of supervision required for a given juvenile is typically resolved to the benefit of the youth, and the least restrictive option is chosen. Given this state policy, coupled with the semi-secure treatment setting, the rate of runaways is more a result of the combination of these factors rather than a reflective of a harsh treatment environment.

3. Limited survey responses indicate few problems or concerns with KPCCC. To evaluate the effectiveness of treatment the youth receive at KPCCC, a survey was sent to 46 parents, foster parents, and guardians of youth who had been treated and discharged from KPCCC’s residential homes. The survey asked these adults their opinion about, and their level of satisfaction with, the treatment their child, foster child, or ward received at KPCCC. A small number of individuals responded. However, the 11 responses received were generally positive about the treatment the youth received at KPCCC.

Juveniles discharged from KPCCC to foster care were placed in appropriate settings

When a juvenile is discharged from KPCCC, the assessment of the youth’s treatment and progress and continued needs is central to the selection of a placement. This assessment, along with other casework considerations, goes into determining what is in the best interests

²¹ Such notification is required by state law set out at AS 47.10.141(f). Under this statute, law enforcement is required to make a “reasonable effort” to locate the youth.

of the juvenile involved. The “best interest” assessment plays a larger role in the making of a placement decision, rather than concerns over the level of restrictiveness.

As reflected in Exhibit 2 on page 10, seventeen (17) juveniles were discharged into foster care from KPCCC between July 2003 and June 2006. All these foster care placements represented moving the involved youth to a less restrictive setting. Since four of the juveniles were discharged to foster care outside of their home community, not all of the placements went to the least restrictive foster care setting.

In one case the foster care placement was made because of the lack of appropriate therapeutic services. In the other three instances, the more restrictive foster care placement (out-of-the-home community) was chosen because of other casework considerations. In each of these instances the OCS or DJJ worker considered placing the youth back in their home community, but determined it would be detrimental to the youth’s best interests and inconsistent with the State’s overall casework plan. All three of these slightly more restrictive foster care placements were based on documented evaluations and were consistent with the staff’s assessment of the best interest of the juvenile involved.

Treatment and service delivery are generally consistent with Medicaid documentation requirements

As discussed in the Background Information section, the majority of funding KPCCC receives is for services provided under the state’s Medicaid program. We reviewed the system for processing billings related to the behavioral rehabilitation services; in addition to specific billings submitted by KPCCC. Although several exceptions were noted in the review; in general, the billings were adequately supported by underlying documentation.

Adequate documentation of services assists in the assessment of the youth’s progress and identifies goals that need further attention or alternative interventions. KPCCC has a quality control function to ensure documents are present, but lacks a thorough review of the documentation to ensure it meets all Medicaid regulations. Recommendation No. 1 discusses the documentation exceptions and how KPCCC should address this deficiency.

KPCCC facilities and staff qualifications generally meet treatment facility standards

State regulations²² set standards for residential child treatment facilities. Overall, KPCCC meets these standards for administration requirements; personnel qualifications; the residential facility criteria; and, care and service of youth. Review of KPCCC operations identified some exceptions in documentation of personnel records.

²² 7 AAC 50.130(e) and 7 AAC 50.210(k).

Although KPCCC staff generally meets qualification standards for residential child care providers, some of the personnel files were missing required documentation.²³ These deficiencies were brought to the attention of KPCCC administrators and were resolved. KPCCC did not fully meet documentation standards²⁴ related to contractors – such as maintaining evidence of their professional qualifications and three written references. We did confirm the Center’s consulting psychologist’s education, professional license, and work history was consistent with facility licensing requirements. See Recommendation No. 2 for further discussion of the exceptions in this area.

Work of OCS employees at KPCCC is consistent with staff development objectives

Beginning 1998, the management of the State’s child protective services agency began an effort to encourage staff to become licensed as social workers. To do so staff, in completing additional educational requirements necessary for such licensing, were required to get work experience in a “*community services agency engaged in the delivery of professional social work.*”²⁵ On the Kenai Peninsula, KPCCC is a primary source of such work opportunities. Accordingly, in recent years two OCS children service specialists worked at KPCCC on a part-time basis in order to meet educational requirements necessary to becoming a licensed social worker.

The individuals were not put on the payroll by KPCCC. One individual, in August 2004, after returning to full-time employment with the State the previous year, conducted the facility’s licensing inspection of KPCCC. As a result of the inspection KPCCC was relicensed. Such an assignment may raise a concern of favoritism or lack of objectivity during the licensing inspection. (See Recommendation No. 3)

While disclosure of educational experience activities could avoid possible conflicting state job assignments, the work with community based service providers does support OCS’ goal of increasing the number of staff licensed as social workers.

KPCCC’s expenditures and revenues are consistent with reported budget amounts

Auditors have recently completed KPCCC’s FY 05 audit report. KPCCC is required to obtain such an audit in order to receive state grant funding. From our review of audit documentation, we determined the expenditures and revenues for FY 05 were consistent with the totals projected in the organization’s budgets. Budgets are submitted for review by state funding agencies as part of grant administration.

²³ Items missing from KPCCC personnel files included current first aid/CPR certification, the required three references, criminal background checks, and annual evaluations. Also missing was documentation of the required 15 hours of annual training for some of the night staff.

²⁴ 7 AAC 30.120(a)

²⁵ The specifics of the work experience required may vary depending on the education institution involved. The italicized phrase in this sentence is taken from the description of the field work practicum “course” offered by the University of Alaska, Anchorage (UAA). The UAA practicum requirements called for 225 hours of such work over the period of an academic semester.

As summarized in Exhibit 7, on the following page, personnel costs make up over 60 percent of the organization’s expenditures. Salaries paid to staff and management are consistent with budgeted totals and appear to be reasonable. In filings with the Internal Revenue Service, KPCCC listed no board member, employee, or contractor as receiving more than \$50,000 in compensation. Likewise, expenditures in other categories appear reasonable and consistent with state-approved budget projections.

KPCCC’s auditors did identify various internal control weaknesses. These weaknesses, along with recommendations on how they should be addressed, were formally communicated to the organization’s board and management in a document referred to as a management letter. Such weaknesses do increase the chances for the diversion of funds and, if left unaddressed, would expose KPCCC to possible financial loss. A copy of the management letter can be obtained through the audit section of DHSS.

Exhibit 7

**KPCCC Program Funding
by Grant/Services by Expenditure Category
FY 05**

Grant/Services Expenditure Category	Residential Child Care	Family Preservation	Time-Limited Family Reunification	Community Mental Health	Non- Secure Attendant	General and Administrative	Total
Personnel	\$ 583,636	\$ 60,386	\$ 27,162	\$ 11,904	\$ 9,346	\$56,147	\$ 748,581
Supplies	108,899	61	100	645	-0-	7,832	117,537
Consultant	45,641	-0-	-0-	1,410	150	37,630	84,831
Foster Care	77,645 ²⁶	-0-	-0-	1,060	-0-	-0-	78,705
Building and Equipment	51,511	55	35	-0-	-0-	-0-	51,601
Facilities	34,460	464	25	-0-	844	4,965	40,758
Insurance	38,833	-0-	-0-	-0-	-0-	963	39,796
Depreciation	27,394	-0-	-0-	-0-	-0-	3,698	31,092
Travel	17,131	593	260	-0-	-0-	-0-	17,984
Other	<u>4,455</u>	<u>253</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,145</u>	<u>5,853</u>
Total	<u>\$ 989,605</u>	<u>\$ 61,812</u>	<u>\$ 27,582</u>	<u>\$ 15,019</u>	<u>\$ 10,340</u>	<u>\$ 112,380</u>	<u>\$ 1,216,738</u>

Source: KPCCC draft financial statements prepared by Lambe, Tuter, and Wagner, CPA.

Transportation expenditures for youth travel appears reasonable

As described in the Background Information section, transportation expenditures for youth while residing at KPCCC are funded through three sources: (1) Medicaid, (2) OCS and/or

²⁶ Youth who transition out of residential child care to therapeutic foster homes still receive some services through KPCCC such as functional assessments, psychological testing, counseling, and therapeutic services. These services are reimbursed by Medicaid.

DJJ, and (3) KPCCC. Youth travel, funded through Medicaid and the state agencies, is for medical necessity and for family visits for eventual youth reunification.

KPCCC submitted budgeted transportation expenditures to OCS for the FY 05 residential child care grant totaling \$20,431, of which \$13,672 was allocated for youth transportation. Actual transportation expenditures for FY 05 totaled just over \$17,000. Although the actual transportation expenditure amount – specific to youth transportation – was not allocated separately, the total expenditure amount was less than the budgeted amount. Accordingly, in our view, the amount paid to transport youth in KPCCC’s care appears reasonable.

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The executive director of the Kenai Peninsula Community Care Center (KPCCC) should strengthen the procedures related to maintaining adequate documentation, required by state regulations, on the treatment of youth.

The majority of funding KPCCC receives is for services provided under the State's Medicaid program, known as Behavioral Rehabilitation Services (BRS). In order to provide services, a comprehensive assessment of the youth's immediate and specific behavioral needs must be conducted and a plan of care developed. Using this assessment and plan of care, an individual treatment plan is formulated that identifies the goals to address the youth's needs, specific treatment for those goals, and timeframes to meet the goals. While the youth is at KPCCC, services provided are documented on daily progress notes charting the youth's progress toward specific behavioral goals.

Although the billings were adequately supported by underlying clinical documentation,²⁷ the following exceptions were identified on various progress notes:

- (1) the resident's progress toward specific goals was not described;
- (2) services provided were not clearly defined; and,
- (3) the intervention used to address behavioral problems was not detailed.

Other exceptions were also noted on several treatment plans, such as: missing signatures of the qualified mental health professional; the interventions, objectives, and timeframes to address the identified treatment goals were not specifically described; and, progress towards some of the goals identified in a treatment plan were either not addressed or documented.

Based on both case file and on-site review we are confident that services are being provided. However, our findings are similar to many of the exceptions noted by OCS reviewers in the past.

Although KPCCC has a quality control function designed to make sure necessary treatment documentation for services provided is prepared, the content of the supporting documentation is not reviewed to ensure it fully meets Medicaid regulations. There were many instances where the appropriate treatment documentation had been developed, but had not been sufficiently reviewed to confirm that all aspects of the regulatory requirements were

²⁷ Required clinical records per 7 AAC 43.728 and as written in the BRS handbook are: (1) an individual assessment; (2) an individualized treatment plan; and (3) progress note for each day the service was provided.

met. An effective quality control function would ensure that complete information regarding the youth is obtained for appropriate assessment, help identify systemic or procedural problems over documentation, and assist in the assessment of the youth's progress and identify goals that need further attention or alternative interventions.

Recommendation No. 2

The executive director of KPCCC should assign a staff member the specific responsibility to develop and maintain required personnel files documents.

KPCCC facilities and staff generally meet residential child care standards related to qualifications and training of the personnel hired to work with youth at the facility.²⁸ Licensing regulations require facilities to keep, on file, specific information about the qualifications and background of the staff. KPCCC personnel files did not always include certain documentation that demonstrated the Center's compliance with these regulations. Specifically, some files were missing:

1. evidence that new hired staff provided sufficient references, or that KPCCC had contacted references provided;
2. evidence that KPCCC conducted the necessary background check;
3. evidence that specific training was completed; and
4. evidence that staff were evaluated on a periodic basis.

The first three items typically involved situations where the work was done but was not documented. For the exception involving performance evaluations, the formal evaluation of staff work is not consistently done.

Performance evaluations are a valuable tool that identifies possible areas where training might be needed and provides feedback to the employee on their job performance. The executive director should monitor performance evaluations to ensure they are being done consistently. If evaluations are not done on a timely basis, the executive director must emphasize the importance of completing the evaluations to responsible supervisors.

Although KPCCC maintains a checklist of what documents should be in each personnel file, there is insufficient follow-up to make sure missing documents are developed or obtained. While such a task may be challenging in such a small organization as KPCCC that has

²⁸ State regulation 7 AAC 50.130(e) requires, a facility to maintain personnel records that include "... *application materials, annual and interim performance evaluations, orientation and training documentation, personnel action memoranda of commendation or reprimand, and similar items.*"

State regulation 7 AAC 50.210(k) requires a completed job application be retained and the application provides ... *the information necessary to determine whether the applicant [meets regulatory requirements]. In addition, the facility shall obtain at least three positive written references on a prospective employee ... at least two of which are from persons unrelated to the applicant, ... before the employee ... is allowed to have contact with children.*

minimal administrative staff, such an assignment must be given more attention. KPCCC should designate one staff member to be responsible for maintaining personnel file documents.

Recommendation No. 3

The ethics officer for the Department of Health and Social Services should coordinate with OCS' management to develop a policy regarding disclosure of state employees' work with community based agencies while on educational leave.

As discussed in report conclusions, two OCS employees, while on educational leave from their state jobs, worked at KPCCC. The work was part of an education program, which was integral to receiving professional licensure. OCS management encourages staff to obtain such licensure.

Just over a year after working at KPCCC, one of the employees, as part of her state responsibilities, conducted the Center's biennial facility licensing review. The assignment of this responsibility to another worker would have eliminated any concerns of favoritism or lack of objectivity. Although in this instance the time involved may mitigate such concerns – such situations could be better dealt with, in the future, if disclosure is required.

Whether the work at KPCCC falls under the State Ethics Act disclosure requirements for outside employment is unclear. The individuals were not put on the payroll by KPCCC. KPCCC paid one of the individuals a stipend of \$250 a month, while the other was not compensated.

OCS would be well-served to develop a policy regarding disclosure of education-related work done with community based service providers such as KPCCC. For situations where the employee involved may have responsibilities or authority in an area that might have a direct impact on the community service provider's operational status or funding, such disclosure helps avoid possibly conflicting job assignments.

Accordingly, the department should develop a policy regarding what work assignments may be incompatible for employees returning from such education arrangements, and for how long of a time any restriction should remain in place.

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STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. Box 110601
Juneau, AK 99811-0601
Phone: (907) 465-3302
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November 20, 2006

RECEIVED

NOV 22 2006

LEGISLATIVE AUDIT

Pat Davidson
Legislative Auditor
P.O. 113300
Juneau, AK 99811-3300

RE: Preliminary Audit Response, Department of Health and Social Services, Kenai Peninsula Community Care Center

Dear Ms. Davidson:

Thank you for the opportunity to respond to the Preliminary Audit Response, Department of Health and Social Services (DHSS), Kenai Peninsula Community Care Center (KPCCC) where the primary objective of the audit was to develop an overall assessment of the operations of KPCCC. Within DHSS we are pleased with your report conclusions and concur with all of them. Outlined below is our response to the one recommendation contained within the audit that pertains to DHSS:

Recommendation No. 3

The ethics officer for the Department of Health and Social Services should coordinate with OCS' management to develop a policy regarding disclosure of state employees' work with community based agencies while on educational leave.

The department concurs with the recommendation. We have reviewed with the Attorney General's Office the question of whether the work that OCS employees performed while on educational leave may have violated the ethics act. Our review finds that there was not a violation of the ethics act. However, we believe that it would be reasonable to adopt a policy more strict than the ethics act to ensure that not even an appearance of a conflict exists. OCS and the department believe a policy similar to the following would address those concerns: "A licensing investigator may not participate in the license review of an entity where the investigator has been employed, participated in an educational program or provided volunteer services at an entity for one year following the conclusion of the relationship".

It is our intention to adopt a policy similar to the one outlined below in the near future to address the concerns identified in the audit.

November 20, 2006

If you have any questions concerning this letter, please feel free to contact Janet Clarke at 465-1630 or by email Janet_Clarke@health.state.ak.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Karleen K. Jackson', with a long horizontal flourish extending to the right.

Karleen K. Jackson, Ph.D.

Commissioner

Department of Health and Social Services

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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November 14, 2006

RECEIVED

The Honorable Karleen Jackson
Commissioner
Department of Health and Social Services
P.O. Box 110601
Juneau, AK 99811-0601

NOV 15 2006

Office of the Commissioner
DHSS - Juneau

Dear Commissioner Jackson:

Enclosed is a copy of our "CONFIDENTIAL" preliminary audit report on:

*Department of Health and Social Services, Kenai Peninsula Community Care Center,
Selected Operational Issues, October 13, 2006*

The Legislative Budget and Audit Committee requests that it receive both a **written** and an **electronic** response to this report by December 4, 2006. Your response is important to the Committee in evaluating this audit and will become an integral part of the final report.

If this report contains recommendations, please clearly state your agreement or disagreement with them. If you concur with the recommendations you should indicate the methods used or that you plan to use for their implementation and the scheduled completion date. If you do not concur with a recommendation, please explain the reasons for your disagreement.

This report is confidential in nature and not for public release pending final review and approval by the Legislative Budget and Audit Committee.

Sincerely,

A handwritten signature in black ink that reads "Pat Davidson".

Pat Davidson
Legislative Auditor

Enclosure

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KENAI PENINSULA COMMUNITY CARE CENTER
A Community of Caring for Alaska's Youth and Families
320 S Spruce Rd., Kenai, AK 99611
(907) 283-7635 Fax: (907) 283-9575 Email: care@gci.net

November 29, 2006

Pat Davidson
Legislative Auditor
Alaska Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Re: Department of Health and Social Services, Kenai Peninsula Community Care Center,
Selected Operational Issues, October 13, 2006

Sent via US Mail & legaudit@.legis.state.ak.us

Dear Mr. Davidson:

This comprises Kenai Peninsula Community Care Center (KPCCC)'s response to your November 14, 2006 Department of Health and Social Services, Kenai Peninsula Community Care Center, Selected Operational Issues, October 13, 2006 Legislative Audit.

KPCCC genuinely values the assiduous work you and your staff made to complete the comprehensive audit of our program. We are impressed with your assimilation of the complex issues and many nuances involved with residential treatment, licensing, Medicaid, and the programmatic coordination of services with the Division of Juvenile Justice and the Office of Children's Services to meet the needs of children. Your staff spent many days reviewing documents and interviewing staff and other individuals in the community. We have welcomed this audit as an essential process mandated by the public trust in providing residential services to vulnerable and special needs children, protecting them, ensuring that their basic and unique needs are met, and most importantly to provide individualized services for their many psychological, family, academic, physical, and treatment needs.

With regarding to the Findings and Recommendations –

Recommendation 1 – Agree. An effective quality control program will be implemented. On Monday October 16, a quality control staff meeting was completed. The goal will be to increase the frequency of documenting youth progress on specific goals, clear documentation of the service provided, and the intervention technique, tool, or procedure used to address a youth's behavior problem. This quality control staff meeting identified means to improve the content of

December 5, 2006

the supporting documentation to meet Medicaid regulations as part of the quality control procedures. The goal is to improve the frequency of signatures from qualified mental health professionals on treatment plans, the interventions, the objectives, and the time lines for treatment goals. Progress notes and quarterly treatment plan reviews will address and document progress. There will be an increased frequency of record reviews which will be clearly documented in the youth file. The intake update and treatment plan review which occur every quarter, will assist in identifying the youth's progress and specifying additional treatment goals for the youth. A Medicaid audit from the Division of Behavioral Health, Department of Health and Social Services completed November 13, 2006 identified areas for improvement in documentation for the treatment plan, treatment plan update, intake assessment, daily progress notes, and functional assessment. These recommendations will be incorporated into a review of the current documents used for consideration of changes or adoption of new documents. Staff will then receive training to improve documentation with treatment plans, progress notes, treatment plan reviews, and intakes or assessments.

Recommendation 2 – Agree. An audit checklist will be developed for the personnel files by the Program Directors. This audit checklist will be in each file. Beta Dimitrovski is responsible for developing, maintaining, and providing oversight of KPCCC personnel file documentation. Accurate and complete personnel records is the goal. This will insure that references are received, background checks completed, contact with references is made, training is completed and documented, and performance evaluations are completed with appropriate timelines. The audit checklist will note file deficiencies and follow up to ensure the file is complete.

Recommendation 3 - Agree. Resolution of this issue by the Department of Health and Social Services will provide direction for KPCCC in providing educational experiences, internships, and practicums for individuals who are employed by the State.

KPCCC appreciates your thorough audit of our programs. The public trust and the needs of vulnerable youth demand accountability. It is KPCCC's essential responsibility to children and youth, families, the State, the Legislature, and citizens.

We appreciate the recommendations you have made to our program and will begin corrective action immediately.

Sincerely,



Linda Hutchings
Treasurer, Board of Directors
Kenai Peninsula Community Care Center