



STATE OF WISCONSIN

Legislative Audit Bureau

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Joe Chrisman
State Auditor

DATE: February 15, 2013

TO: Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee

FROM: Joe Chrisman
State Auditor 

SUBJECT: Proposed Audit of Child-Placing Agency Oversight

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an audit of child-placing agencies, which are agencies licensed by the Department of Children and Families (DCF) to place children in foster homes and group homes. The out-of-home placement of children in foster homes and group homes can be initiated through several methods, including a court order issued to ensure the child's safety from an unsafe home environment; a court order based on certain behaviors of the child, such as truancy or being uncontrollable; a delinquency court order resulting from the child's criminal actions; or a voluntary placement agreement involving the parent or caretaker and a child-placing agency.

DCF reports that there are currently 24 child-placing agencies that it has licensed, including 15 nonprofit and 9 for-profit agencies. Funding to support the activities of these agencies is primarily provided by counties using a combination of state, federal, and local funds. In 2011, counties and DCF's Bureau of Milwaukee Child Welfare, which administers child welfare services in Milwaukee County, reported spending \$279.9 million for all child welfare services, including payments to child-placing agencies.

Concerns were raised about the financial oversight of child-placing agencies due to recent actions taken by DCF to revoke the licenses of several child-placing agencies based on misuse of state and federal funds, including excess salaries, payment of personal expenses, undocumented payments for administrative services, and other "unreasonable and unnecessary" costs.

An audit of the financial oversight of child-placing agencies could include a review of:

- DCF's efforts to ensure that child-placing agencies operate in accordance with licensure and other requirements;
- actions taken by DCF in instances in which child-placing agencies violated licensure or other requirements, including the suspension or revocation of agency licenses;

- the amount of state and federal funds provided to child-placing agencies, as well as how these funds were spent; and
- the records of a sample of child-placing agencies, including expenditures made with program funds to determine whether the expenditures were reasonable and appropriate.

I hope you find this information helpful. If you have any additional questions regarding this request, please contact me.

JC/PS/sm

cc: Senator Mary Lazich
Senator Alberta Darling
Senator Kathleen Vinehout
Senator John Lehman

Representative Howard Marklein
Representative John Nygren
Representative Jon Richards
Representative Melissa Sargent

Eloise Anderson, Secretary
Department of Children and Families