



Department of Youth Services

RECLAIM Program Monitoring Audit

Audit Period: July 1, 2015 through June 30, 2016

Results Summary:

Objective	Conclusion
RECLAIM Subsidy Distributions	Well-Controlled with Improvement Needed

Refer to Appendix A for classification of audit objective conclusions.



Executive Summary

Background

RECLAIM Ohio (Reasoned and Equitable Community and Local Alternatives to the Incarceration of Minors) is a funding initiative which encourages juvenile courts to develop community-based programs for juvenile offenders, thereby diverting them from the Department of Youth Services' (DYS) juvenile correctional facilities. In doing so, the program is intended to reduce the number of youth sentenced to the custody of DHS.

RECLAIM Ohio and the Youth Services Grant together make up the DHS Subsidy Grant. The Youth Services Grant is allocated annually to juvenile courts based on a formula that uses county population. Subsidy Grant Program funds received through RECLAIM and the Youth Services Grant can be used for a vast array of treatment, intervention, diversion, and prevention programs. For state fiscal years 2018 and 2019, \$30.6 million is allocated for county subsidies and \$16.3 million for the Youth Services Grant. For state fiscal year 2016, approximately 600 community programs across the state were funded with Youth Services Grant and RECLAIM Ohio funding.

Additionally, within the RECLAIM funding category is Community Programs, for which funding is used for a range of services and activities. The Community Program allocation includes Competitive and Targeted RECLAIM. Competitive RECLAIM is a performance-driven grant program that provides funding to selected juvenile courts to serve adjudicated felony and misdemeanor youth as well as some non-adjudicated court involved youth by implementing or expanding evidence-based and evidence-informed programs in their county. Targeted RECLAIM uses model and evidence-based programs to divert felony level offenders from commitment to the care and custody of DHS and into effective community-based alternatives. Funding for Targeted RECLAIM is awarded, budgeted, and expended in conjunction with the juvenile courts' RECLAIM programs and services and is currently limited to 15 counties with a history of a disproportionate number of commitments.

During the audit, OIA identified opportunities for DHS to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank DHS staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

Scope and Objectives

OIA staff was engaged to perform an assurance audit related to the controls over the agency's RECLAIM program. This work was completed July through September 2017. The audit period for the review was July 2015 through June 2016. The scope of the audit included the following:



- RECLAIM County Subsidy (including the Youth Services Grant) and the Community Programs (Competitive RECLAIM and Targeted RECLAIM).

The scope did not include evaluation of application and awarding processes, the Behavioral Health Juvenile Justice Initiative Community Program, or the effectiveness of the RECLAIM program in meeting program objectives.

The following summarizes the objective of the review:

- Evaluate the design and effectiveness of the controls over RECLAIM Subsidy distributions.

Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee