



INDIANA DEPARTMENT OF CHILD SERVICES CHILD WELFARE POLICY

Chapter 17: Residential Licensing

Section 09: Termination of Residential Contract

Effective Date: December 1, 2023

Version: 2

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POLICY OVERVIEW

The Indiana Department of Child Services (DCS) contracts with residential facilities to provide services to children involved with DCS and probation who need residential treatment. A residential facility may request to have its contract terminated by DCS, or, in the interest of child safety and well-being. A residential facility's contract with DCS may be terminated if the facility does not follow the terms and conditions detailed in the executed contract.

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PROCEDURE

Upon determining a residential facility failed to comply with material terms and conditions of the DCS contract, the process of contract termination may begin after the residential facility has been provided with 30 calendar days to cure or correct the material breach and has failed to correct the noncompliance issue(s) identified within the time allotted.

Note: If the noncompliance issue involves endangering the life, health, or safety of any person, the contract may be terminated orally by the DCS Agency Director or designee followed by sending a written notification within three (3) business days.

Involuntary Termination of Residential Contract

Upon determination that the residential facility has failed to correct the identified noncompliance issue(s), the Licensing Specialist will:

1. Ensure the Licensing Specialist Supervisor is aware of the concerns regarding the residential facility's contract;
2. Work with other DCS Residential Licensing Unit (RLU) members to collect documentation regarding the concerns with the residential facility's contract;
3. Complete the following upon a decision to terminate the facility's contract:
 - a. Work with the RLU to develop a plan for next steps,
 - b. Consult with field staff regarding the transfer process, including appropriate transition of children involved with DCS and probation and their records (e.g., monthly reports), if applicable. See policy 8.38 Placement Changes for additional guidance, and
 - c. Monitor the facility's progression throughout the contract termination process.
4. Staff with the Licensing Specialist Supervisor, as needed, throughout the contract termination process; and
5. Upload all communication and documentation regarding the contract termination in the case management system.

The Licensing Specialist Supervisor will:

1. Ensure the RLU Manager is aware of the identified noncompliance issue(s) regarding the facility's contract;
2. Participate in consultation with the RLU Manager, Deputy Director of Child Welfare Services or designee, and the DCS legal team and collectively make a recommendation regarding the facility's contract;
3. Complete the following upon a decision to terminate the facility's contract:
 - a. Work with the RLU to develop a plan for next steps,
 - b. Draft the Notice of Default or Notice of Termination, when necessary,
 - c. Monitor the facility's completion of required actions, as outlined in the Notice of Default and Notice of Termination of Contract, if necessary, and
 - d. Monitor and assist the Licensing Specialist with any needs related to the contract termination;
4. Participate in discussion with the RLU Manager, the DCS Deputy Director of Child Welfare Services or designee, and the Deputy Director of Purchasing and Pricing or designee to determine if DCS will complete a final facility audit; and
5. Staff with the RLU Manager throughout the contract termination process, as needed.

The RLU Manager will:

1. Provide notification to the DCS Deputy Director of Child Welfare Services or designee regarding the identified noncompliance issue(s) discovered and continue communication throughout the contract termination process;
2. Request DCS legal consultation to determine next steps;
3. Participate in consultation with the Licensing Specialist Supervisor, Deputy Director of Child Welfare Services or designee, and DCS legal team to collectively make a recommendation regarding the facility's contract;
4. Participate in discussion with the Licensing Specialist Supervisor, DCS Deputy Director of Child Welfare Services or designee, and the Deputy Director of Purchasing and Pricing or designee to determine if DCS will complete a final facility audit;
5. Complete the following upon a decision to terminate the facility's contract:
 - a. Notify the Assistant Deputy Director of Purchasing and Pricing or designee of the date the contract will terminate, whether an audit will need to be conducted, and what the facility will be doing with the records associated with the terminating contract,
 - b. Inform the following DCS Deputy Directors of the decision to terminate the facility's contract to begin the notification process, and determine who will notify the appropriate DCS staff:
 - i. Child Welfare Services;
 - ii. Field Operations; and
 - iii. Juvenile Justice Initiatives and Support.
 - c. Work with the RLU to develop a plan for next steps.
6. Monitor and support the RLU, as needed, throughout the contract termination process.

Note: If the residential license is relinquished by the facility, the Indiana Department of Health (IDOH) and Indiana Department of Homeland Security (IDHS) (i.e., fire marshal) must be notified.

The DCS Deputy Director of Child Welfare Services or designee will:

1. Review documentation regarding the termination of the facility's contract and discuss next steps with the RLU;
2. Participate in consultation with the Licensing Specialist Supervisor, RLU Manager, and DCS legal team and collectively make a recommendation regarding the facility's contract;
3. Participate in discussion with the RLU Manager or designee, Deputy Director of Purchasing and Pricing or designee, and the Licensing Specialist Supervisor to determine if DCS will complete a final facility audit;
4. Provide the Notice of Termination of Contract to the DCS Director for final approval and signature upon a decision to terminate the facility's residential contract; and
5. Ensure the RLU and the DCS Contracts Division receive a copy of the Notice of Termination of Contract.

The DCS legal team will:

1. Provide consultation to the RLU and review documentation to determine if sufficient grounds exist for a Notice of Default to be issued;
2. Participate in consultation with the Licensing Specialist Supervisor, RLU Manager, and Deputy Director of Child Welfare Services or designee and collectively make a recommendation regarding the facility's contract;;
3. Send a Notice of Default upon a decision to terminate the facility's contract. This notice should include the following:
 - a. Findings,
 - b. Required action by the facility and request for supporting documentation,
 - c. Timeframe for facility's response, and
 - d. DCS contact information to send supporting documentation.
4. Continue communication with the facility and the RLU throughout the cure of breach process;
5. Review the response with the RLU and the Deputy Director of Child Welfare Services or designee upon receipt of a response from the facility and determine if the action taken by the facility is satisfactory:
 - a. The DCS legal team will allow for additional time, request further corrective action, or continue with the contract termination process and send a Notice of Termination of Contract to the facility if the action is not deemed satisfactory, or
 - b. The breach will be cured and the contract will remain in effect with or without further supervision from the RLU if the action taken by the facility is deemed satisfactory.

The DCS Director will:

1. Review the Notice of Termination of Contract;
2. Provide final approval by signing the Notice of Termination of Contract to terminate the facility's residential contract; and
3. Provide the signed Notice of Termination of Contract to the DCS legal team.

Facility Requests to Terminate Residential Contract

Upon notification or receipt of a request to terminate the contract from the facility, the process of determining whether to allow for the termination of the contract will begin.

The Licensing Specialist will:

1. Ensure the Licensing Specialist Supervisor and RLU Manager are aware of the facility's request to terminate its contract;

2. Review the facility's request to determine steps the facility plans to take to complete the contract termination process (i.e., identified youth who will need to be moved, monthly reports sent to DCS, notification to other parties) if the request for termination is granted;
3. Staff with the Licensing Specialist Supervisor, as needed, throughout the contract termination evaluation process; and
4. Upload all communication and documentation regarding the contract termination in the case management system.

The Licensing Specialist Supervisor will:

1. Staff with the Licensing Specialist, as needed, throughout the contract termination evaluation process;
2. Participate in consultation with the DCS legal team, Deputy Director of Child Welfare Services or designee, and RLU Manager to determine next steps, which may include:
 - a. Monitoring the facility's progression throughout the contract termination evaluation process, and
 - b. Assisting the Licensing Specialist with any needs related to the contract termination if the request to terminate was granted by DCS.
3. Participate in discussion with the RLU Manager, Assistant Deputy Director of Purchasing and Pricing or designee, and the DCS Deputy Director of Child Welfare Services or designee to determine if DCS will complete a final facility audit; and
4. Staff with the RLU Manager, as needed, throughout the contract termination evaluation process.

The RLU Manager will:

1. Notify the DCS legal team of the facility's request to terminate its contract and continue communication with the legal team throughout the evaluation process;
2. Participate in consultation with the DCS legal team, Deputy Director of Child Welfare Services or designee, and Licensing Specialist Supervisor to determine next steps, which may include:
 - a. Monitoring the facility's progression throughout the contract termination evaluation process, and
 - b. Assisting the Licensing Specialist with any needs related to the contract termination if the request to terminate was granted by DCS.
3. Notify the Assistant Deputy Director of Purchasing and Pricing or designee of the date the contract will terminate, whether a final facility audit will need to be conducted, and what the facility will be doing with the records associated with the terminating contract;
4. Inform the following DCS Deputy Directors of the facility's request to terminate its contract, and determine who will notify the appropriate DCS staff:
 - a. Child Welfare Services,
 - b. Field Operations, and
 - c. Juvenile Justice Initiatives and Support.
5. Consult with field staff and the facility, as needed throughout the contract termination process;
6. Participate in discussion with the DCS Deputy Director of Child Welfare Services or designee, Assistant Deputy Director of Purchasing and Pricing or designee, and the Licensing Specialist Supervisor to determine if DCS will complete a final facility audit; and

7. Monitor and support the RLU, as needed, throughout the contract termination evaluation process.

Note: If the residential license is relinquished by the facility, IDOH and IDHS (i.e., fire marshal) must be notified.

The DCS Deputy Director of Child Welfare Services or designee will:

1. Review documentation regarding the facility's voluntary contract termination request;
2. Participate in consultation with the DCS legal team and the RLU to discuss next steps;
3. Inform the DCS Director of the facility's voluntary contract termination request; and
4. Participate in discussion with the RLU to determine if DCS will complete a final facility audit.

The DCS legal team will:

1. Review the facility's written request for contract termination and work with the RLU and DCS Deputy Director of Child Welfare Services or designee to determine next steps;
2. Provide a response to the facility, which includes:
 - a. Reason for termination of contract,
 - b. Date contract termination becomes effective,
 - c. Notification that the facility has 90 calendar days after the service was provided or cost incurred to submit all outstanding invoices,
 - d. Notification of ongoing three (3) year duty to maintain documentation pertaining to all costs incurred under the contract, and
 - e. Notification of an upcoming final facility audit, as deemed necessary.
3. Review a residential contract request from a facility that has previously requested to terminate its contract early and determine if the facility should receive a new residential contract.

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RELEVANT INFORMATION

Definitions

N/A

Forms and Tools

- Notice of Default of Contract – Available from the RLU
- Notice of Termination of Contract – Available from the RLU

Related Policies

- [8.38 Placement Changes](#)
- [17.07 Residential License Revocation](#)

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LEGAL REFERENCES

- [IC 5-11: Accounting for public funds](#)
- [IC 31-27-6-15: Records regarding children](#)
- [IC 31-27-2-5: Monitoring of licensed entities](#)

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PRACTICE GUIDANCE- DCS POLICY 17.09

Practice Guidance is designed to assist DCS staff with thoughtful and practical direction on how to effectively integrate tools and social work practice into daily case management in an effort to achieve positive family and child outcomes. Practice Guidance is separate from Policy.

N/A

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