



Performance-based Contracts at the Department of Family and Protective Services

- The Department conducted reviews to assess the readiness of its performance-based contractors to move from Stage I to Stage II.
- The current funding model for community-based care was sufficient to cover the costs incurred by the two SSCCs tested.
- The Department reported accurate statewide results for the Rider 15 performance measures tested.

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

As required by statute, the Department of Family and Protective Services (Department) developed and implemented a readiness review process for its performance-based contracts with Single Source Continuum Contractors (SSCCs). The Department performed those reviews for the two SSCCs tested that transitioned to Stage II; however, it should strengthen its processes by documenting which subject matter experts are required to review each SSCC deliverable.

In addition, the Department reported accurate statewide results for all five performance measures tested for the Rider 15¹ report. However, the measures were certified with qualification because the Department did not ensure that results for all individual regions were reported correctly. Additionally, for one measure the Department did not identify an issue with the calculation that affected a subset of the population.

- [Background](#) | p. 3
- [Audit Objectives](#) | p. 24

This audit was conducted in accordance with Texas Human Resources Code, Section 40.0583.

MEDIUM

READINESS REVIEWS

The Department developed and implemented a monitoring process to assess SSCCs' ability to move to the next stage; however, it should document what experts should be included in the review processes.

[Chapter 1 | p. 12](#)

NOT RATED

COSTS AND FUNDING

Funding was sufficient to cover the costs incurred under the contracts for both SSCCs tested for state fiscal years 2023 and 2024.

[Chapter 2 | p. 16](#)

NOT RATED

PERFORMANCE MEASURES

The Department reported accurate results for all five Rider 15 performance measures tested. However, it should strengthen certain review processes to help ensure continued accuracy.

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¹ Rider 15, page II-10, the General Appropriations Act (87th Legislature)

Summary of Management's Response

Auditors made recommendations to address the issues identified during this audit, provided at the end of certain chapters in this report. The Department agreed with the recommendations.

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

PRIORITY: Issues identified present risks or effects that if not addressed could *critically affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could *substantially affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could *moderately affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks *or* effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

Background Information

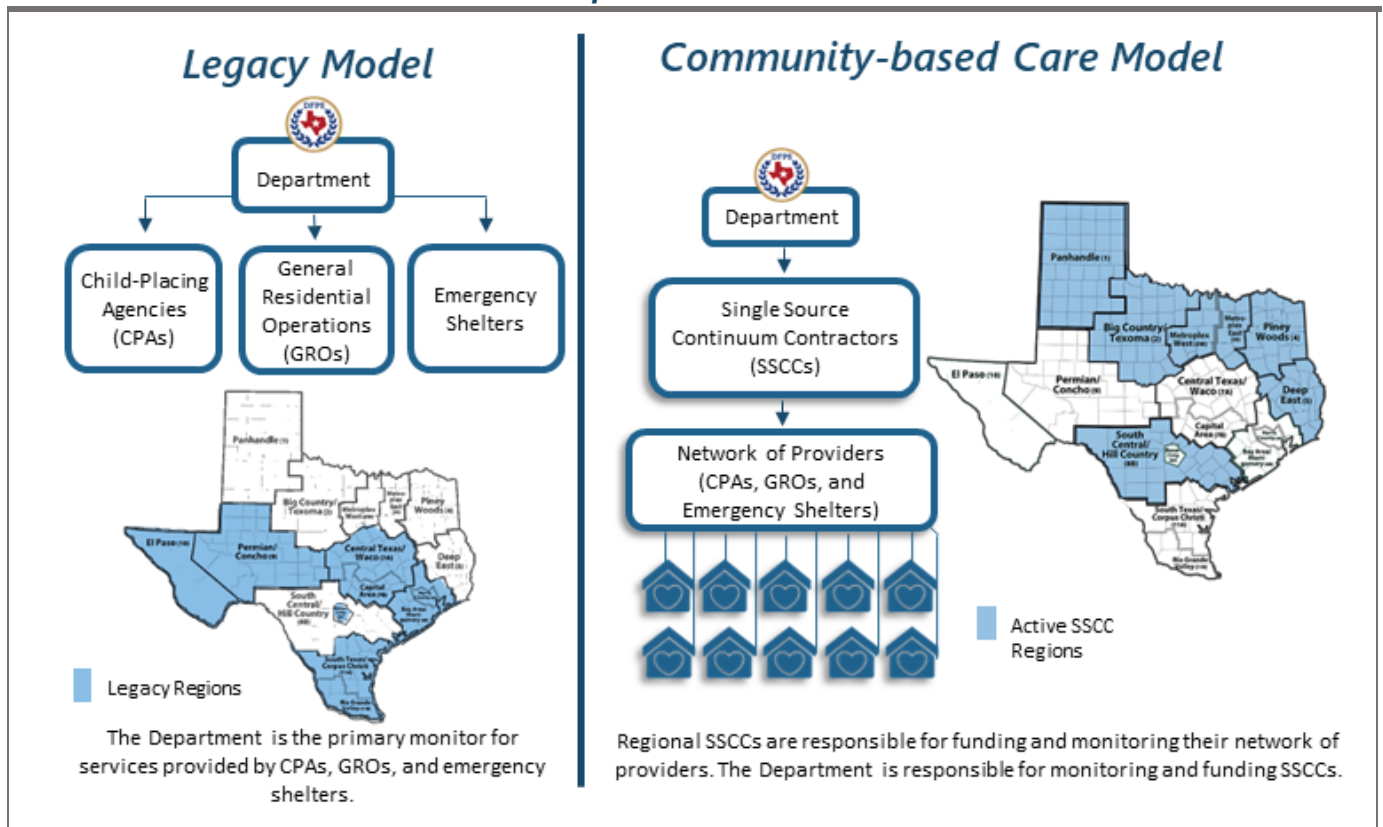
The Community-based Care Model and Single Source Continuum Contractors

The State uses two models to oversee children in its care (see Figure 1):

- Through the **legacy model**, the Department of Family and Protective Services (Department) directly monitors providers of childcare.
- For the **community-based care model**, the Department has performance-based contracts with Single Source Continuum Contractors (SSCCs) that focus on achieving specified outcomes for children, youth, and families.

Figure 1

Child Care Models for Children in the State's Care



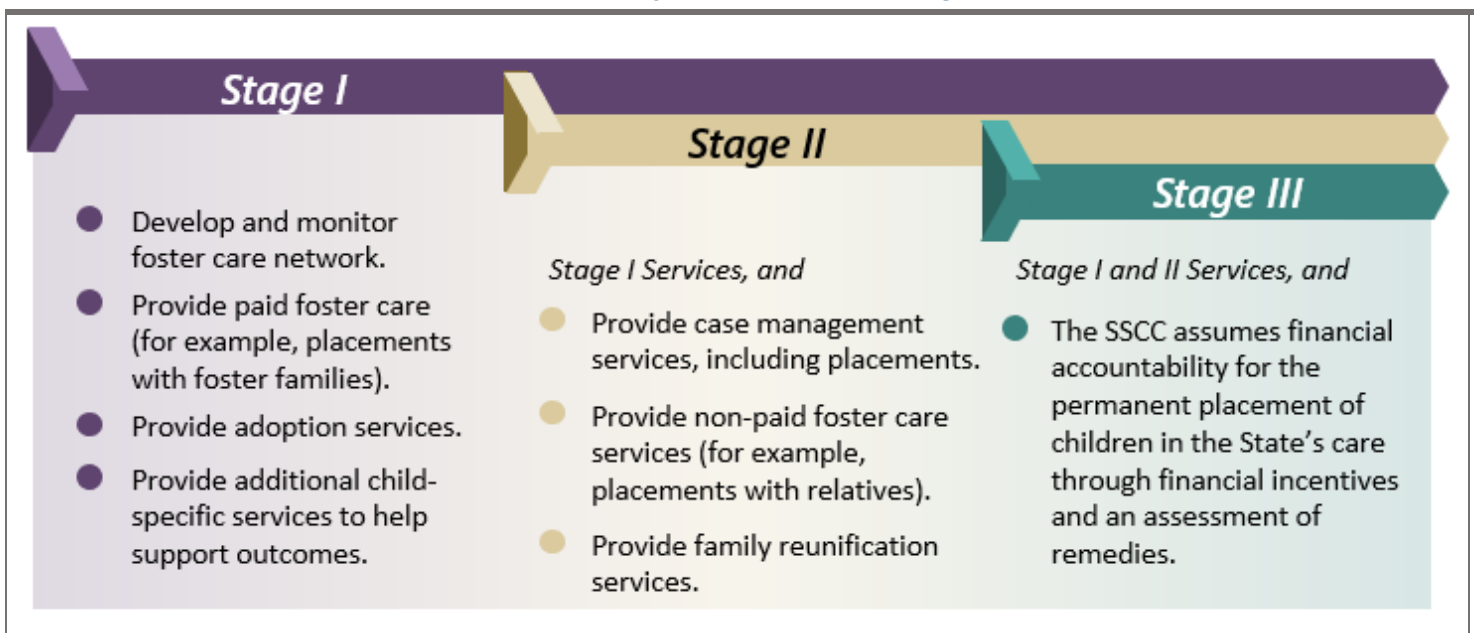
Source: Based on information from the Department.

SSCCs' Stages and Service Regions

The Department created a staged approach to contracting with SSCCs and implementing community-based care. Under that approach, each SSCC monitors the foster care providers in its region and is given more responsibility as it demonstrates that it can provide services during each of the three stages, which are described in Figure 2.

Figure 2

Community-based Care Stages






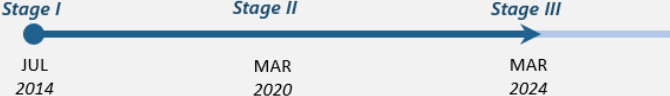

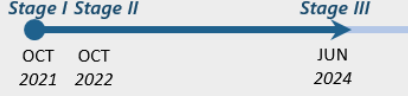








Source: Based on information from the Department.

Figure 3 shows the SSCCs with which the Department has contracted as of August 31, 2024.

Figure 3

SSCCs, Regions, and Stages as of August 31, 2024

Service Area	Title and Description of Service Area	Single Source Continuum Contractor (SSCC)	Current Stage of Community-based Care Services	Timeline
 Region 1	Texas Panhandle 41 counties in Texas Panhandle	Saint Francis Ministries	Stage III	
 Region 2	Big Country and Texoma 30 counties in North Texas	2iNgage	Stage III	
 Region 3w	Metroplex West 10 counties around Fort Worth	Our Community Our Kids (OCOK)	Stage III	
 Region 8b	South Central and Hill Country 27 counties in Central Texas	Belong	Stage III	
 Region 3e	Metroplex East 9 counties around Dallas	EMPOWER	Stage II	
 Region 4	Piney Woods 23 counties in far Northeast Texas	4Kids4Families	Stage II	
 Region 5	Deep East 15 counties in Far East Texas	Family Care Network	Stage II	

Source: Based on information from the Department.

SSCCs' Funding Model

The General Appropriations Act (87th Legislature) directed the Department, with the assistance of the Health and Human Services Commission, to develop an alternative reimbursement methodology proposal for foster care and community-based care rates. The funding model redesign is ongoing. The information below presents the funding model for community-based care that was in place during state fiscal years 2023 and 2024 (the audit scope).

The funding model for community-based care is based on²:



Legacy-based funding. This is funding provided to the SSCC based on the costs that would have been incurred under the legacy system.



SSCC-specific funding. This is additional funding established to provide funding for additional administrative costs at the SSCC due to the new model.



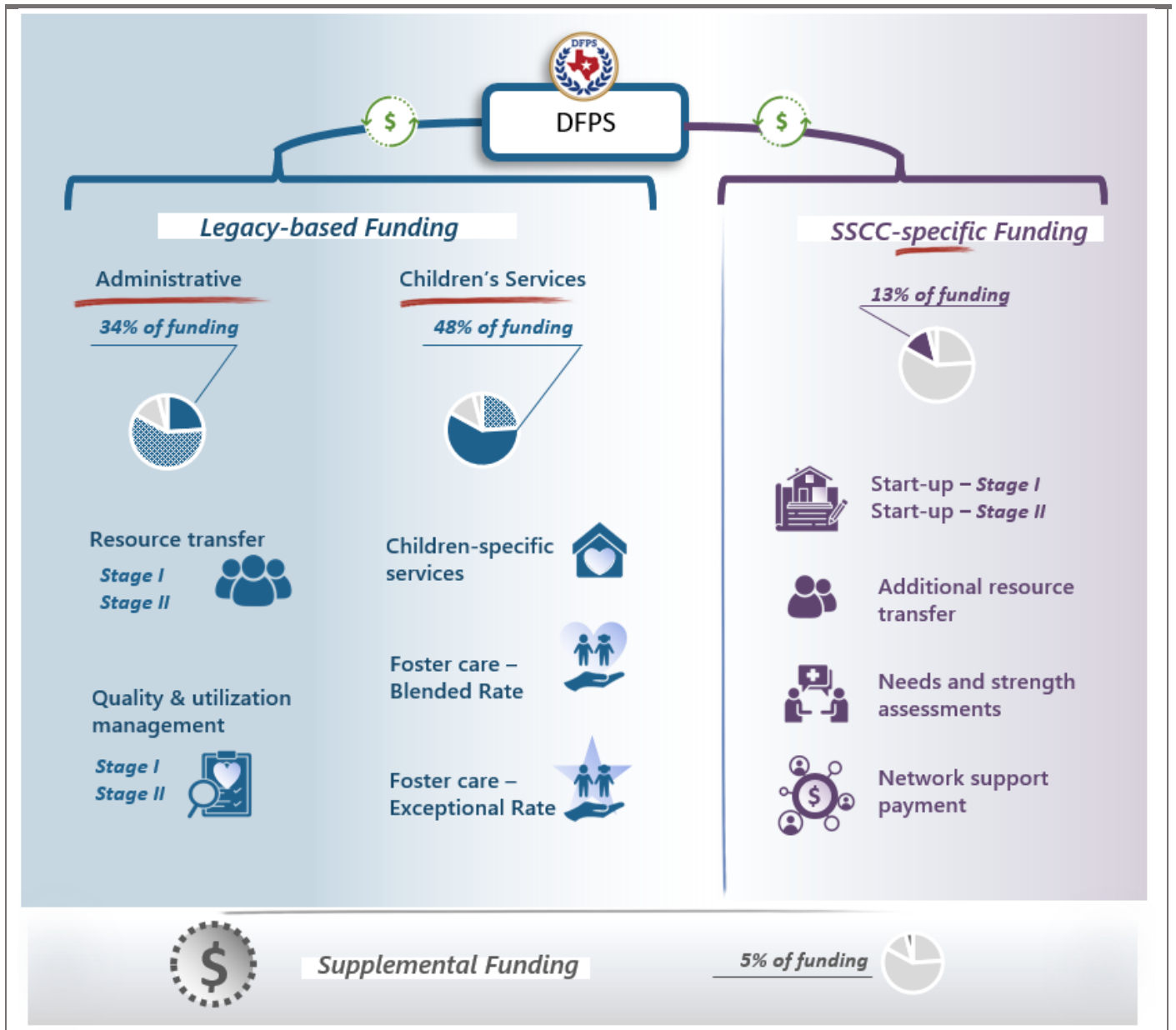
Supplemental funding. This is additional federal and state funding provided as assistance for items such as capacity growth, Child Protective Services program support, and luggage for the children in the State's care. Most of this funding ended in fiscal year 2023.

The amounts of state funding provided to the two SSCCs tested—Saint Francis Ministries and Belong—for state fiscal years 2023 and 2024 are listed in [Appendix 2](#). Figure 4 on the next page illustrates the components of the Department's funding types for SSCCs. Detailed descriptions of each type of funding are provided starting on page 8.

² Percentages listed are the average percentages for the Department funding for Saint Francis Ministries and Belong between September 1, 2022, and August 31, 2024.

Figure 4

Department Funding Types for SSCCs^a



^a Percentages listed are the average percentages for the Department funding for Saint Francis Ministries and Belong between September 1, 2022, and August 31, 2024.

Source: Based on information from the Department.

Legacy-based Funding

The Legacy-based funding includes administrative funding, as well as funding for children's services.

Administrative Funding

This is funding provided to the SSCC to help cover certain administrative costs. Specifically:



Resource transfers. Payments for tasks and functions that Department staff performed in the legacy model that the SSCC now performs under the community-based care model.



Quality and utilization management. Funding to support monitoring activities to ensure that children are receiving the services appropriate for their assessed needs.

Children's Services Funding

This is funding provided to the SSCC for costs related to children-specific services and daily payments for foster care (blended rate and exceptional care rate). This funding is generally passed through the SSCCs to their foster care providers. Specifically:



Children-specific services. These are payments for costs related to adoption services, preparation for adult living services, and other services to support permanency.



Payments to foster care providers – Blended Rate. This is a daily reimbursement, the amount of which is unique to each region based on projected needs of the population in that region.



Payments to foster care providers – Exceptional Rate. This is a daily reimbursement for children whose needs exceed what can be met through use of the blended rate. This includes a 50-percent cost share between the SSCC and the Department.

SSCC-specific Funding

The State provides additional funding to SSCCs to help with additional costs incurred under the community-based care model. This includes:



One-time start-up payments. The Department provided the SSCCs with one-time start-up payments for Stage I and Stage II to assist with costs associated with workforce development, policy development, and other necessary organizational and financial infrastructure to meet the obligations of the contract.³



Additional resource transfer. An annually recurring amount the Department provides to help support case management services. The amount is based on 25 percent of the initial Stage II Resource Transfer the SSCC received.



Needs and strength assessments. These payments support case planning for children receiving therapeutic services.



Network support payments. The Department pays an amount per child full time equivalent⁴ to support costs for capacity development and oversight, community engagement, and IT systems requirements.

Supplemental Funding



During state fiscal years 2023 and 2024, the SSCCs received additional funding to assist with certain items. Most of this funding was short-term and did not continue after fiscal year 2023.

³ Start-up payments are not included in the amounts listed in Appendix 2 because the SSCCs received that funding outside of the audit scope.

⁴ “Child full time equivalent” is the number of days of care provided divided by the number of days in the fiscal year.

Funding Reconciliations

The Department established annual reconciliations to identify the correct payments based on services provided for three funding types. Six months after the fiscal year ends the Department will work with the SSCC to identify:

- (1) The difference between the foster care payments made at the blended rate and what the SSCC would have been paid using legacy rates;
- (2) The equal cost share for the exceptional rate; and
- (3) The difference between the actual and projected number of child full time equivalents for the network support payment.





After it completes the annual reconciliations, the Department compensates the SSCC for underpaid amounts and/or identifies the amount owed by the SSCC for overpayments.

Certification Designations for Performance Measures

For this report, auditors reviewed selected Rider 15 results for five performance measures for the Department related to outcomes for children in the State's care. (See [Chapter 3](#) for more information on the performance measures.) Auditors assign a certification designation for performance measures tested based on (1) an assessment of the adequacy of controls over the performance measure reporting process and (2) the results of testing a sample of applicable source documents. The certification of a performance measure is classified as one of the four categories described in Figure 5 on the next page.

Figure 5

Performance Measure Certifications

	Certified. Reported performance is accurate within 5 percent of actual performance and it appears that controls to ensure accuracy are in place for collecting and reporting performance data.
	Certified with qualification. Reported performance is accurate within 5 percent of actual performance but weaknesses were identified with one or more controls over collecting, calculating, and reporting performance measure data.
	Inaccurate. This designation is used when (1) actual performance is +/- 5 percent or greater than reported performance or (2) when the agency deviated from the measure definition, resulting in actual performance being +/- 5 percent or greater than reported performance.
	Factors prevented certification. This designation is used when either (1) documentation is unavailable, (2) controls are not adequate to ensure accuracy, or (3) there is a deviation from the measure definition and results cannot be determined by auditors.



MEDIUM

Chapter I Readiness Reviews

In compliance with Texas Family Code, Section 264.156, the Department of Family and Protective Services (Department) developed and implemented a readiness review process to assess the ability of a Single Source Continuum Contractor (SSCC) to move to the next stage. These reviews are important because they allow the Department to ensure that the SSCC is ready to assume increased responsibilities. For Stage II, those responsibilities include case management activities such as visiting with children and family and working towards permanency goals, including placements with relatives and family reunification services.

However, the Department should strengthen its documentation of certain review requirements to help ensure consistency among the individual regions.

The Department performed and documented readiness reviews for two SSCCs that moved from Stage I to Stage II.

To implement its readiness review processes, the Department developed a project management tool to monitor and document the reviews performed by multi-disciplinary teams. Auditors evaluated the Department's use of this tool by testing the reviews of 4Kids4Families and Family Care Network.

Audit Scope of Department Monitoring of SSCCs

This is the second audit that the State Auditor's Office has conducted recently on the performance-based contracts at the Department.

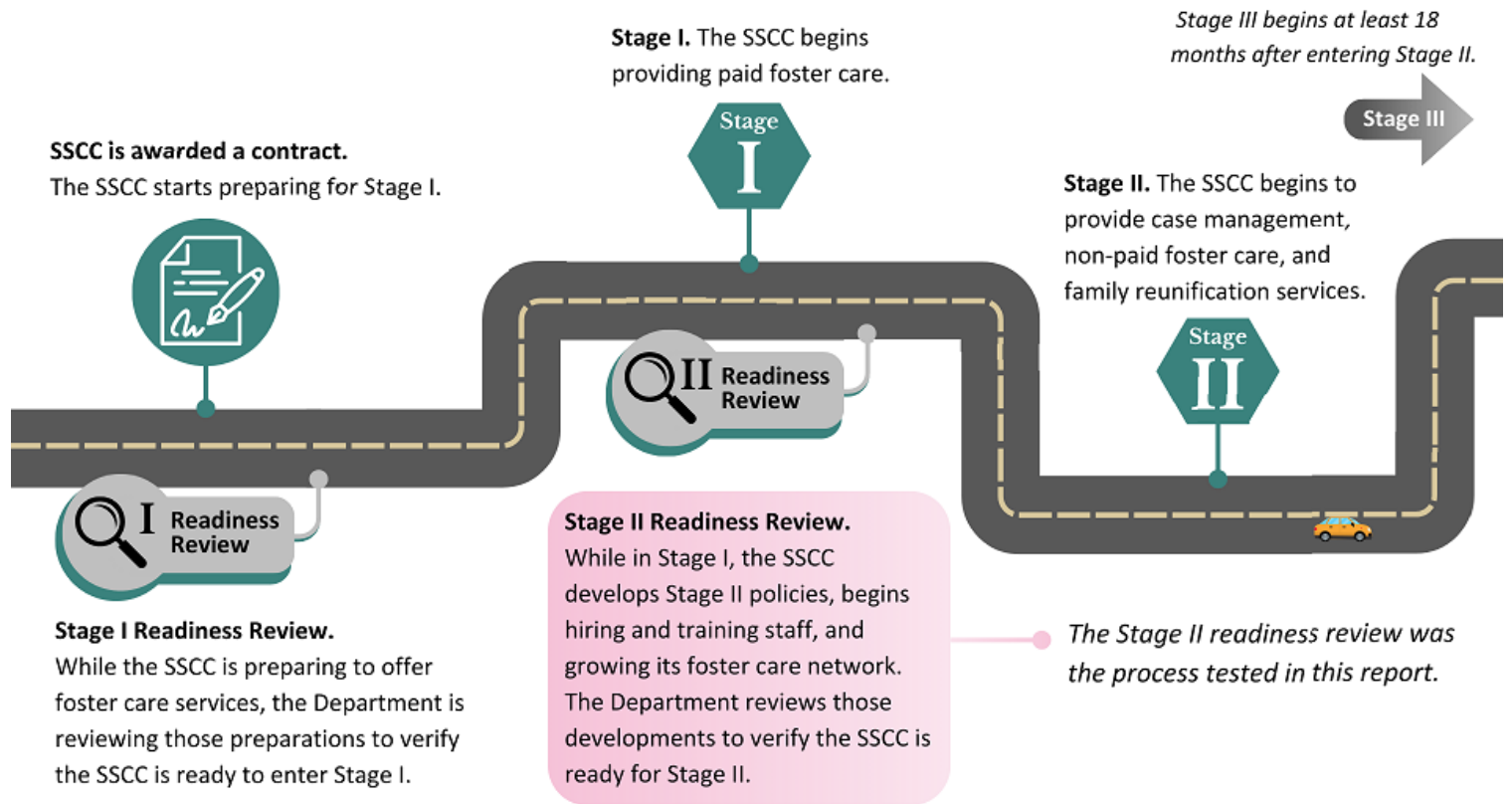
This audit reviewed the Department's procedures for verifying that an SSCC is ready to move from Stage I to Stage II.

The prior audit report, released in July 2024, reviewed the Department's procedures for monitoring SSCC performance for SSCCs in Stage II. (See *An Audit Report on Performance-based Contracts at the Department of Family and Protective Services*; SAO Report No. [24-018](#).)

As they move from one stage to another, SSCCs assume increased responsibilities. Figure 6 identifies how SSCCs move through the stages and the Department’s readiness reviews.

Figure 6

SSCC Stages and Department Readiness Reviews



Source: Based on information from the Department.

The Department’s monitoring tool covered key Stage II contract provisions. For both SSCC reviews tested, the Department’s reviews documented whether the SSCCs met those requirements and had made adequate preparations for the increased responsibilities of Stage II. For example, the review teams verified whether the SSCC had (1) documented required policies and staffing plans, (2) sufficient subcontractor capacity in place, and (3) the information technology tools and processes to conduct case management services.

The Department should strengthen its processes by documenting who is required to review certain deliverables to assess an SSCC's readiness.

For both readiness reviews tested, auditors reviewed the support for a sample of deliverables and determined the Department received the required information, had evidence that the review was conducted, and could demonstrate that the final approved deliverables met contractual requirements before the SSCCs were allowed to enter Stage II.

While the Department did confirm that each SSCC met contractual requirements, the accompanying documentation indicated that the two SSCC regions had different types of subject matter experts reviewing the same type of deliverables. For example, the Department's review of 4Kids4Families included experts from Child Protective Services (CPS) investigations and the Department's data and information technology teams; the review of Family Care Network did not have any of those experts review the tasks. Also, the review of Family Care Network included the Director of Foster Care Litigation, but the review of 4Kids4Families did not. The Department had not documented who is required to review certain deliverables, which could lead to inconsistent feedback to SSCCs.

Recommendation

The Department should strengthen its readiness review process by documenting who is required to review the deliverables to ensure that the correct subject matter experts are included and that there is consistency among the regions' reviews.

Management's Response

DFPS agrees that it should strengthen its documentation of certain readiness review requirements to help ensure consistency among the individual regions. As Community-Based Care (CBC) expands across the state, DFPS understands the need and value of including DFPS staff in

the transition. To ensure the level of internal collaboration needed, DFPS will develop and implement a process that specifies and documents the consistent use and defined roles of DFPS subject matter experts in the readiness review process.

Responsible Person, Title: CBC Operations Director

Implementation: February 28, 2025

Chapter 2

Costs and Funding

For the two SSCCs reviewed—Saint Francis Ministries and Belong—the current funding model for community-based care provided sufficient Department funding to cover the costs from September 1, 2022, through August 31, 2024.

This audit focused on costs and funding for state fiscal years 2023 and 2024. The numbers identified in this report will change for each SSCC based on their end-of-year accounting procedures and the Department’s reconciliations for fiscal year 2024, which begin six months after the fiscal year. For example, the fiscal year 2023 end-of-year reconciliations resulted in a funding decrease of 2 percent for Saint Francis Ministries and an increase of 6 percent for Belong. (See the [Background](#) section for information about the reconciliations.)

Expenditures tested from each SSCC were supported and the costs were associated with the contracted services. See the [Background](#) section for more information on the community-based care funding model and [Appendix 2](#) for amounts by funding mechanism for each contract.

The funding was sufficient to cover the costs that Saint Francis Ministries incurred under the contract.

Funding from the Department was sufficient to cover the costs incurred from September 1, 2022, through August 31, 2024, under the community-based care contract for Saint Francis Ministries, which provides foster care placement services in the Texas Panhandle. The Department provided Saint Francis Ministries \$139.9 million in funding, and Saint Francis Ministries’ records showed that it incurred \$136.0 million in foster care contract-related expenses (see Figure 7 and Figure 8 on the following pages).

State Auditor’s Office Review of Costs and Funding

The State of Texas House Committee on Appropriations and the Senate Committee on Finance requested that the State Auditor’s Office identify the actual administrative costs incurred by an SSCC and determine whether the current funding methodology is sufficient to cover costs.

Reduced Future Funding

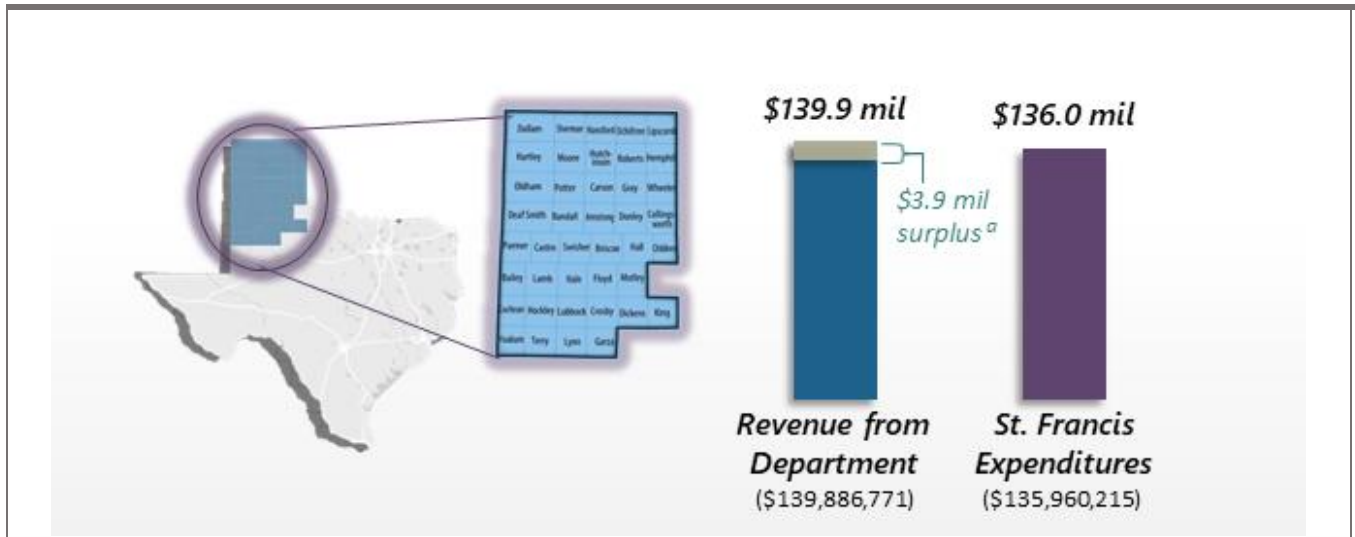
The current funding model is based on daily rate reimbursement for care and additional administrative funding determined by forecasted models that predict the average number of children who will be in state care for that fiscal year. The number of children in care has been decreasing since fiscal year 2023 and, as a result, state funding has been reduced. The funding model redesign is ongoing. Additionally, the Department began collecting cost reports from SSCCs in fiscal year 2024 to help it assess future appropriation requests.

Based on the forecasted model, for fiscal year 2025, the state funding to cover administrative costs will be reduced by 24 percent for Belong and by 8 percent for Saint Francis Ministries.

Source: The Department.

Figure 7

Overview: Saint Francis Ministries Fiscal Years 2023 and 2024



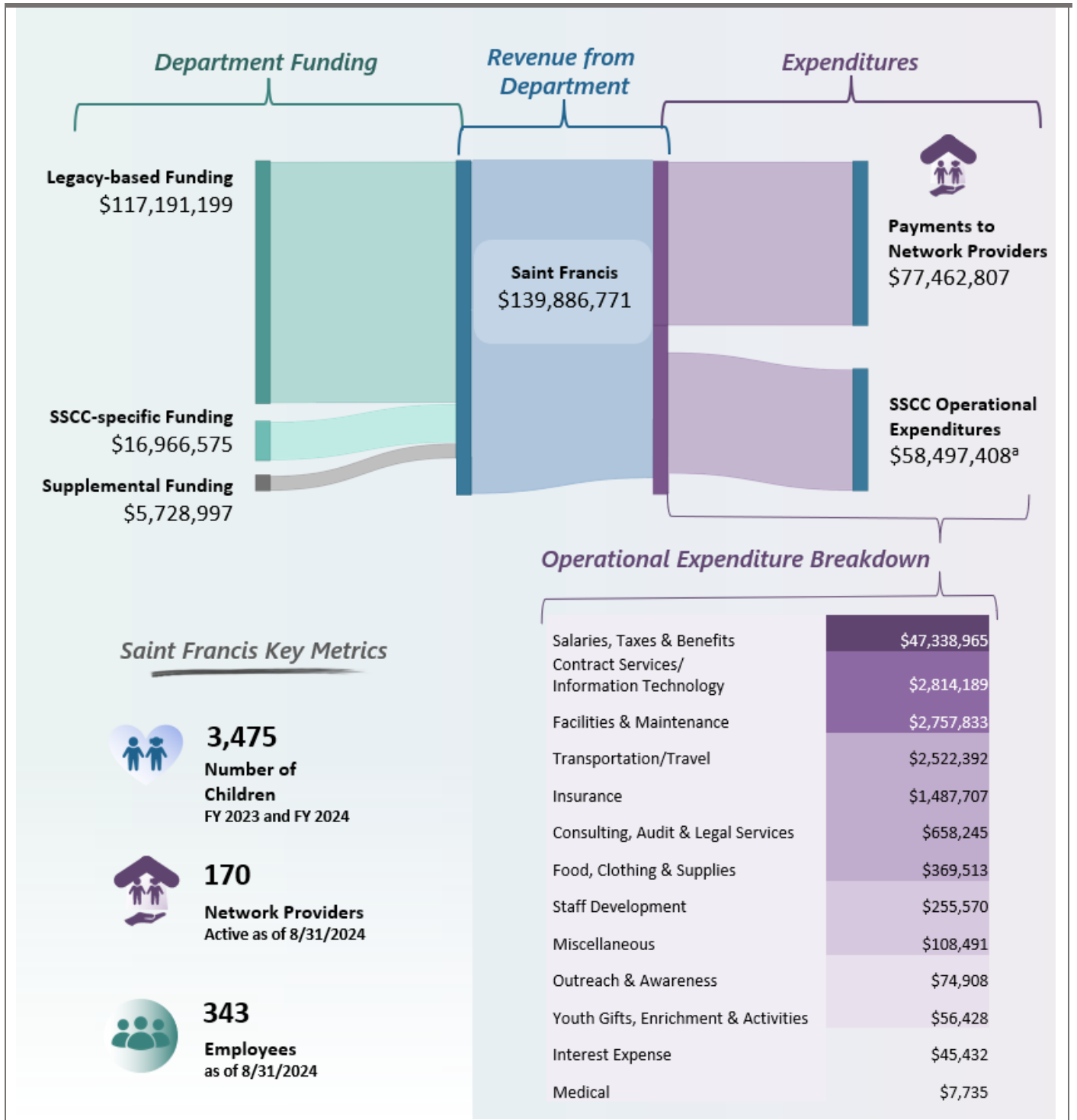
Saint Francis Ministries in Texas is a division of Saint Francis Ministries, a 501(c)3 nonprofit organization. It has provided community-based care in the Texas foster care system since 2019. It is currently in Stage III and serves 41 counties in the Texas Panhandle and South Plains.

^a As of this report’s publication, the Department’s reconciliations for fiscal year 2024 were not yet complete. (The fiscal year 2023 reconciliations resulted in Saint Francis Ministries owing the Department \$1.3 million.) In addition, according to its general ledger, Saint Francis Ministries received non-state revenue totaling \$269,304.

Source: Based on information from the Department and Saint Francis Ministries.

Figure 8

Overview: Saint Francis Ministries Fiscal Years 2023 and 2024 continued



^a The SSCC operation expenditures include both (1) administrative costs and (2) expenditures for the support of children, such as salaries for case managers.

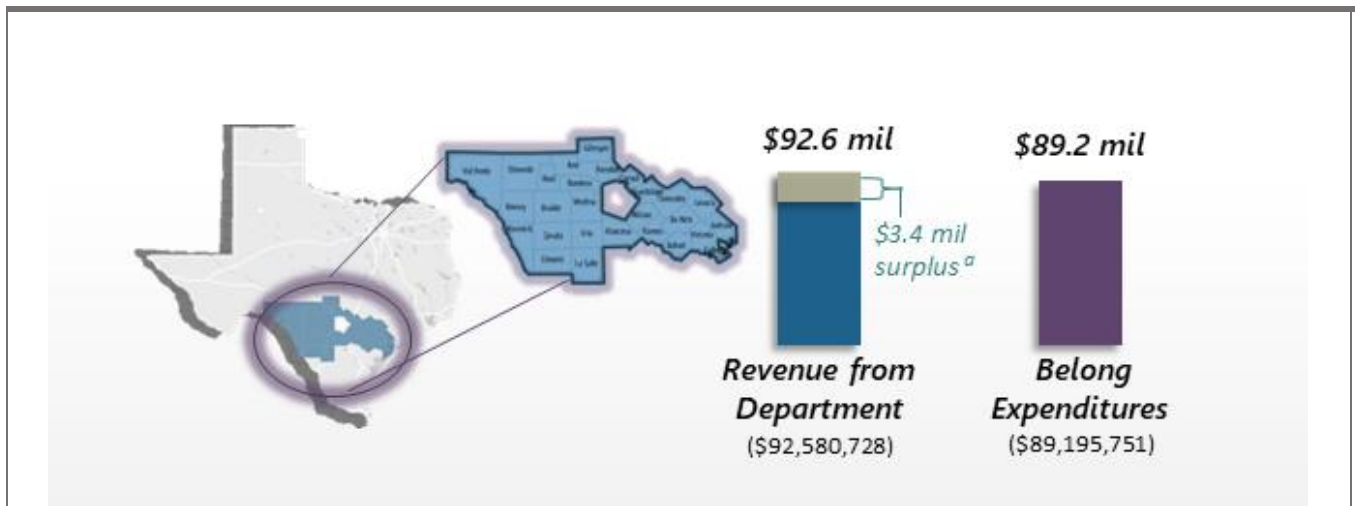
Source: Based on information from the Department and Saint Francis Ministries.

The funding was sufficient to cover the costs that Belong incurred under the contract.

Funding from the Department was sufficient to cover the costs incurred from September 1, 2022, through August 31, 2024, under the community-based care contract for Belong, which provides foster care placement services in the South Central and Hill Country regions. The Department provided Belong \$92.6 million in funding, and Belong’s records showed that it incurred \$89.2 million in foster care contract-related expenses (see Figure 9 and Figure 10 on the following page).

Figure 9

Overview: Belong Fiscal Years 2023 and 2024



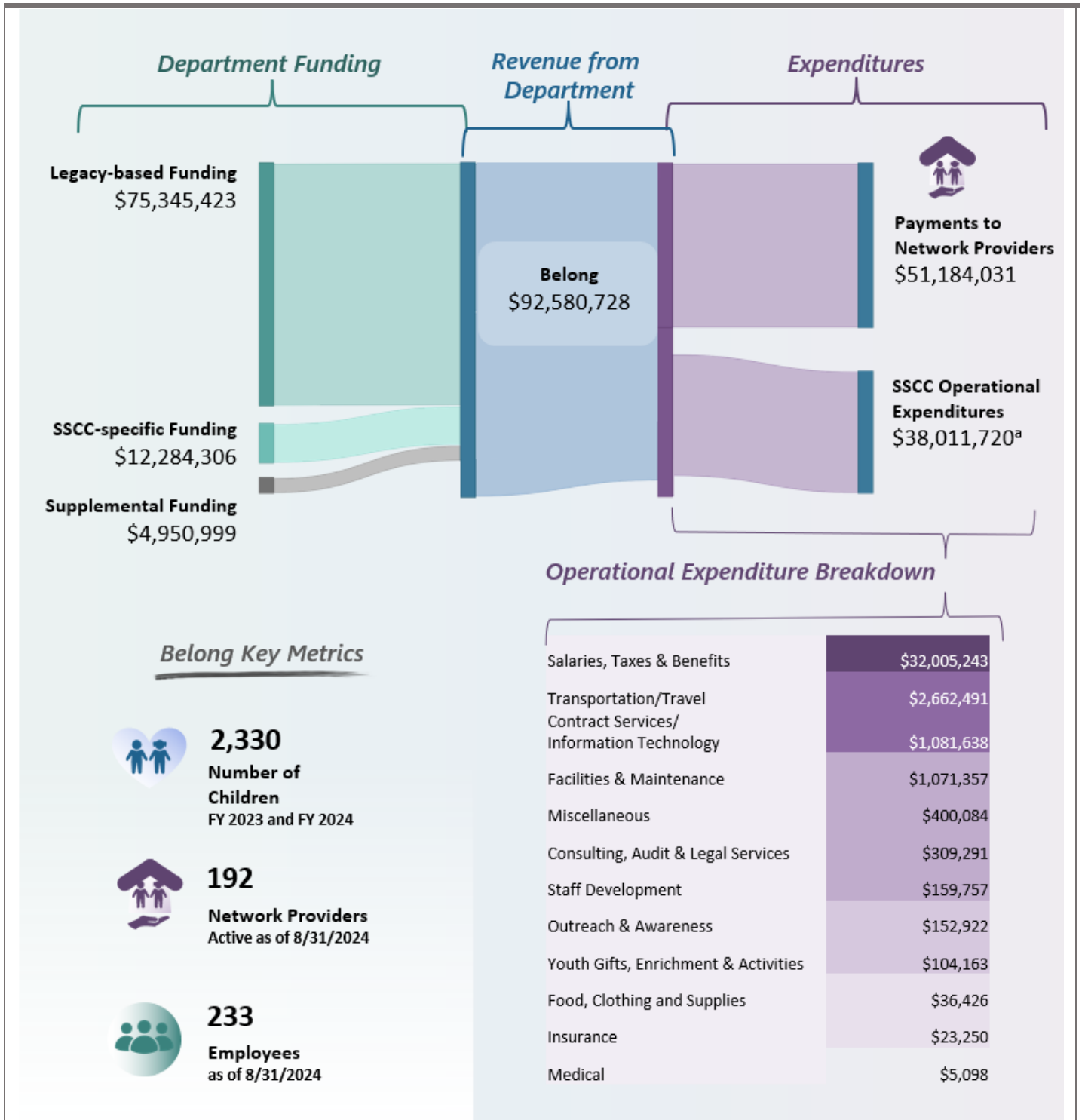
Belong is a division of SJRC Texas, a 501(c)(3) nonprofit organization. It has provided community-based care in the Texas foster system since 2021. Belong is currently in Stage III and serves 27 counties in the Hill Country and South Central Texas.

^a As of this report’s publication, the Department’s reconciliations for fiscal year 2024 were not yet complete. (The fiscal year 2023 reconciliations resulted in Belong receiving an additional \$2.6 million from the Department.) In addition, according to its general ledger, Belong received non-state revenue totaling \$975,965.

Source: Based on information from the Department and Belong.

Figure 10

Overview: Belong Fiscal Years 2023 and 2024 continued



^a The SSCC operation expenditures include both (1) administrative costs and (2) expenditures for the support of children, such as salaries for case managers.

Source: Based on information from the Department and Belong.







Chapter 3

Performance Measures

The Department had controls in place over the collection, calculation, and reporting of its performance measures for the five performance measures tested for the Rider 15 report through the third quarter of fiscal year 2024 (see Figure 11). While it reported accurate results for the measures tested, to help ensure continued accuracy, the Department should strengthen certain review and monitoring processes. As a result, the five measures audited were certified with qualification.

Figure 11

Summary of Performance Measure Results at the Department Third Quarter, Fiscal Year 2024 ^a

Performance Measure	Statewide Result Reported	Certification Result ^b
<p>New CPS Intervention within 12 Months of Family Reunification</p> <p>Definition: The percentage of children (age 0 - 17) who were reunified during the year prior that were confirmed victims in a subsequent child abuse/neglect investigation or in a subsequent stage opened to family preservation services within 12 months of reunification.</p>	12.7 percent	 Certified with Qualification
<p>Percent in FPS Conservatorship Until the Age of Majority</p> <p>Definition: These are the children who for various reasons are unable to return home, to be placed with relatives on a permanent basis, or to be adopted; it determines the percent of children who remain in long term foster care.</p>	7.6 percent	 Certified with Qualification
<p>Average Time to Permanency in Months</p> <p>Definition: The average length of time until permanency is achieved during the reporting period (reported in months), for all children who experience an out-of-home placement. Permanency includes family reunification, adoption, or permanent managing conservatorship to kin.</p>	20.4 months	 Certified with Qualification
<p>Average Time to Reunification in Months</p> <p>Definition: The average length of time until reunification during the reporting period (reported in months), for all children in a substitute care placement.</p>	14 months	 Certified with Qualification
<p>Number of Placement Moves Per 1,000 Days in Substitute Care</p> <p>Definition: The rate of placement moves per day of substitute care of all children during a 12-month period.</p>	4.1 moves	 Certified with Qualification
<p> ^a All five measures have a target attainment of "L" (for lower).</p> <p>^b A measure is certified with qualification when results are accurate but weaknesses were identified with one or more of the controls over collecting, calculating, and reporting performance measure data.</p>		

The Department reported accurate statewide results for all five performance measures.

The reported statewide results for the five Rider 15 performance measures tested⁵ were certified with qualification, meaning the Department's reported results were accurate within 5 percent of the actual performance (see text box for more information about the Rider 15 report).

However, the Department should strengthen its processes to verify that it correctly reports individual results for all regions. Specifically, the Department switched the reported results for regions 3e and 3w for all 5 performance measures. While this did not have an impact on the statewide results reported, the results for 3e and 3w were originally misreported. The Department identified the issue and corrected the online report after the initial submission.

In addition, for the Number of Placement Moves Per 1,000 Days in Substitute Care measure, the Department's automated calculation incorrectly used either the first or last day of the month to calculate the number of days, rather than the actual date. As a result, for 10 (17 percent) of the 60 children sampled, the days in substitute care were incorrect. Overall, because this error impacted only a small subset of children in the calculation, the reported statewide results were still within 5 percent of the actual performance.

The Department had a monitoring process in place to periodically evaluate its automated calculations. However, that monitoring did not detect this error because its review of the calculation did not include all elements of the performance measure.

Rider 15 Community-based Care Report

Rider 15 in the General Appropriations Act states that the Department shall report selected performance measures identified by the Legislative Budget Board that will allow for comparative analysis between the legacy foster care and the community-based care systems. The report shall be submitted March 31 and September 30 of each year. This audit reviewed five measures focused on the outcomes for children in care.

Source: Rider 15, page II-10, the General Appropriations Act (87th Legislature).

⁵ The *Rider 15 Community-based Care Update Report* for September 30, 2024, contains the reported performance measure results through the third quarter of fiscal year 2024.

Recommendation

The Department should strengthen its monitoring processes by:

- Verifying that results for all individual regions are reported correctly.
- Including all elements of a performance measure in its reviews of automated calculations.

Management's Response

DFPS agrees with the SAO finding. Based on the SAO Audit discussions for the five LBB Measures included in the SSCC Audit, the Office of Data and Systems Improvement (ODSI) developed a remediation plan to ensure a more robust QA process going forward. Some of these initiatives were planned before the audit but were enhanced based on the findings.

ODSI initiatives to enhance QA on performance measures include:

- A comprehensive LBB PM Code Review for all key and non-key measures will be conducted between February and August 2025.
- ODSI will include another layer of review for the Rider 15 during the next publication cycle by the Director of Data and Performance Reporting prior to publication.
- Regular team trainings on QA process expectations to elevate the skill of each analyst which began in early December.

Responsible Person, Title: Chief Data Analytics Officer

Implementation: August 31, 2025



Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine:

- If the Department of Family and Protective Services (Department) has processes and related controls to monitor its performance-based contracts to help ensure that select contract provisions are being enforced.
- The costs for selected Single Source Continuum Contractors (SSCCs) to administer and deliver services required under their performance-based contracts.
- Whether the Department’s funding of SSCCs is sufficient to cover the incurred cost associated with administering and delivering contracted services.
- Whether the Department:
 - Accurately reported selected performance measure results.
 - Has adequate controls over the collection, calculation, and reporting of its performance measures.

The following members of the State Auditor’s staff performed the audit:



- Anna Howe, CFE (Project Manager)
- Matthew J. Montgomery, CISA, CIA, CFE (Assistant Project Manager)
- Alec Dickerson
- Geddy Emery
- Benjamin Halverson Fox, CPA
- Amanda Griffith
- David Hinojosa
- Brandon Pascal
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- Hillary Eckford, CIA, CFE (Audit Manager)

Scope

The scope of this audit included (1) the Department's readiness review activities for SSCCs to enter Stage II from November 1, 2023, through May 1, 2024, for 4Kids4Families and Family Care Network, (2) the Department's funding of Saint Francis Ministries and Belong and their incurred costs associated with administering and delivering services from September 1, 2022, through August 31, 2024, and (3) selected performance measures through the third quarter of fiscal year 2024 in the September 30, 2024, Rider 15 Report.

The scope also included a review of significant internal control components related to the Department's readiness reviews and performance measures.

Methodology

We conducted this performance audit from June 2024 through December 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Department management for consideration.

Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed Department management and staff to gain an understanding of the Department's processes.
- Interviewed SSCC staff to gain an understanding of the contractors' accounting methods.

- Identified the relevant criteria:
 - Performance-based contracts between the Department and SSCCs and Guide to Performance Measures Management (2022 Edition) (SAO Report No. 23-314).
- Evaluated the Department’s oversight of readiness for Stage II for 4Kids4Families (Region 4) and Family Care Network (Region 5) by:
 - Comparing the Department’s readiness review tool to the SSCC contract to identify if it incorporated necessary requirements from the contract.
 - Reviewing support for a sample of deliverables to determine whether the deliverables were reviewed and approved before readiness was approved, if the approved deliverable met contract requirements, and if the review activities were completed consistently across regions.
- Identified costs incurred to administer and deliver the contracted services with Saint Francis Ministries and Belong by obtaining each SSCC’s general ledger, reviewing the support for a sample of expenditures to verify the costs were associated with the contract, and classifying costs into categories.
- Evaluated the Department’s funding of Saint Francis Ministries and Belong by comparing total funding the Department provided to incurred costs identified on each SSCC’s general ledger.
- Tested certain application controls over the IMPACT system.
- Recalculated and tested the Department’s source and supporting information in IMPACT to verify the accuracy of numbers reported in the *Rider 15 Community-based Care Update Report* and effectiveness of controls over reporting performance.
- Tested the populations and samples listed in Figure 12 on the next page.

Figure 12

Total Populations and Samples Selected for Testing ^a

Population	Population Size	Sampling Size and Methodology
Readiness Review Tasks	16 review tasks for each region.	Selected 7 review tasks for each region using professional judgement. This sample design was chosen to provide coverage of contract requirements associated with case management, staffing, and subcontracting capacity.
General Ledger Expenditures – Belong	3,878 non-payroll expenditures associated with administrative costs more than \$100 and 3,019 payroll expenditures.	<p>Tested 30 expenditures:</p> <ul style="list-style-type: none"> • Randomly selected 25 expenditures. • Used professional judgment to select 5 expenditures. <p>This sampling design was chosen to ensure that the sample would include a cross section of expenditures, to obtain coverage of expenditure types, and to address specific risk factors identified in the population.</p>
General Ledger Expenditures – Saint Francis Ministries	13,070 non-payroll expenditures associated with administrative costs more than \$100 and 12,475 payroll expenditures.	<p>Tested 29 expenditures:</p> <ul style="list-style-type: none"> • Randomly selected 25 expenditures. • Used professional judgment to select 4 expenditures. <p>This sampling design was chosen to ensure that the sample would include a cross section of expenditures, to obtain coverage of expenditure types, and to address specific risk factors identified in the population.</p>
New CPS Intervention within 12 Months of Family Reunification	Numerator: 366 Denominator: 2,882	Tested 60 (30 from the numerator and 30 from the denominator). The sample items were selected randomly and stratified by region to ensure coverage of results from all regions in the Rider 15 report.
Percent in FPS Conservatorship until the Age of Majority	Numerator: 617 Denominator: 7,548	Tested 60 (30 from the numerator and 30 from the denominator). The sample items were selected randomly and stratified by region to ensure coverage of results from all regions in the Rider 15 report.
Average Time to Permanency in Months	Denominator: 7,443	Tested 30. The sample items were selected randomly and stratified by region to ensure coverage of results from all regions in the Rider 15 report.
Average Time to Reunification	Denominator: 2,644	Tested 30. The sample items were selected randomly and stratified by region to ensure coverage of results from all regions in the Rider 15 report.
Number of Placement Moves per 1,000 Days in Substitute Care	Numerator: 13,100 Denominator: 10,741	Tested 60 (30 from the numerator and 30 from the denominator). The sample items were selected randomly and stratified by region to ensure coverage of results from all regions in the Rider 15 report.

^a The samples listed in this figure are nonstatistical samples and were not representative of the populations. The results, as reported, do not identify which items were randomly selected so the sample could be evaluated in the context of the population or selected based on risk factors or using professional judgment; therefore, it would not be appropriate to project the test results to the populations.

Data Reliability and Completeness

To determine data reliability and completeness, auditors (1) observed the extraction of requested reports for funding, general ledgers, and performance measures, (2) reviewed data queries and report parameters for all reports, (3) analyzed the reports for reasonableness and completeness, (4) relied on IT general control testing for IMPACT performed by an SAO contractor, (5) reviewed user access for Sharepoint folders associated with readiness review documents, and (6) tested samples of expenditures to verify that they were associated with the contracts and performance measures to verify that they should have been included in the reported results. Auditors determined that the following data sets were sufficiently reliable and complete for the purposes of the audit:

- **IMPACT:** Population of performance data results for the five selected performance measures.
- **CAPPS (Centralized Accounting and Payroll/Personnel System):** Payments from the Department to SSCCs.
- **SSCC Financial Systems:** General ledgers, trial balances, and income statements.
- **Sharepoint:** Readiness review documents stored in Sharepoint folders.

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Appendix 2

Department Payments to Saint Francis Ministries and Belong

Figure 13 details the state funding that Saint Francis Ministries received for fiscal years 2023 and 2024. Figure 14 on the next page details the state funding that Belong received for the same time period.

Figure 13

Payments to Saint Francis Ministries Fiscal Years 2023 and 2024

Type of Funding	Funding Sub-Type	Fiscal Year 2023	Fiscal Year 2024
Legacy-based Funding			
Administrative	Resource Transfer – State I Functions	\$3,024,711	\$2,980,948
	Resource Transfer – State II Functions	\$21,154,937	\$18,384,298
	Quality and Utilization Management	\$133,438	\$124,737
Children-specific Services	Preparation for Adult Life Skills – Stages I and II	\$134,981	\$0
	Substance Use Disorder Testing and Treatment – Stage II	\$155,328	\$144,140
	Other Purchased Services (Supports Permanency Efforts) – Stage II	\$813,165	\$658,290
	Adoption Purchased Services	\$946,000	\$848,000
Foster Care Rates	Blended Rate and Rate Add-On	\$23,241,480	\$28,031,224
	Exceptional Rate	\$9,161,892	\$6,230,602
	Supervised Independent Living	\$461,762	\$561,266
SSCC-specific Funding			
Administrative Funding Established Specifically for SSCCs	Additional Resource Transfer – Recurring Payment of 25 Percent of Initial Stage II Resource Transfer	\$5,197,577	\$5,197,577
	Child and Adolescent Needs and Strengths (CANS)	\$122,927	\$304,345
	Network Support Payment (\$1,900 per child full time equivalent in fiscal year 2023 and \$2,500 per child full time equivalent in fiscal year 2024)	\$2,343,299	\$3,800,850

Type of Funding	Funding Sub-Type	Fiscal Year 2023	Fiscal Year 2024
Supplemental Funding			
Additional Federal and State Funds	Supplemental Kinship Support Services	\$27,623	\$148,296
	88th HB3765 Luggage (13049)	\$0	\$1,223
	State Rider 51 – Capacity Grant Funding	\$4,537,085	\$0
	CPS Program Support	\$8,150	\$355,300
	Other CPS Direct Delivery	\$0	\$496,820
	Temporary Assistance for Needy Families (TANF) COVID Funding	\$154,500	\$0
Totals for Each Fiscal Year		\$71,618,855	\$68,267,916
Total for Both Fiscal Years		\$139,886,771	

Source: Department accounting records from the Centralized Accounting and Payroll/Personnel System.

Figure 14

***Payments to Belong
Fiscal Years 2023 and 2024***

Type of Funding	Funding Sub-Type	Fiscal Year 2023	Fiscal Year 2024
Legacy-based Funding			
Administrative	Resource Transfer – State I Functions	\$1,898,764	\$2,346,055
	Resource Transfer – State II Functions	\$11,468,964	\$16,244,782
	Quality and Utilization Management	\$87,650	\$109,595
Children-specific Services	Preparation for Adult Life Skills – Stages I and II	\$79,989	\$54,797
	Substance Use Disorder Testing and Treatment – Stage II	\$84,617	\$139,711
	Other Purchased Services (Supports Permanency Efforts) – Stage II	\$526,609	\$826,389
	Adoption Purchased Services	\$526,000	\$296,000
Foster Care Rates	Blended Rate and Rate Add-On	\$16,884,966	\$13,150,954
	Exceptional Rate	\$4,171,018	\$5,801,231
	Supervised Independent Living	\$318,280	\$329,052

Type of Funding	Funding Sub-Type	Fiscal Year 2023	Fiscal Year 2024
SSCC-specific Funding			
Administrative Funding Established Specifically for SSCCs	Additional Resource Transfer – Recurring Payment of 25 Percent of Initial Stage II Resource Transfer	\$3,352,870	\$3,657,676
	Child and Adolescent Needs and Strengths (CANS)	\$86,394	\$96,509
	Network Support Payment (\$1,900 per child full time equivalent in fiscal year 2023 and \$2,500 per child full time equivalent in fiscal year 2024)	\$1,532,332	\$3,558,525
Supplemental Funding			
Additional Federal and State Funds	Supplemental Kinship Support Services	\$19,123	\$102,667
	88th HB3765 Luggage (13049)	\$0	\$1,107
	State Rider 51 – Capacity Grant Funding	\$3,872,698	\$0
	CPS Program Support	\$788	\$353,525
	Other CPS Direct Delivery	\$0	\$509,591
	Temporary Assistance for Needy Families (TANF) COVID Funding	\$91,500	\$0
Totals for Each Fiscal Year		\$45,002,562	\$47,578,166
Total for Both Fiscal Years		\$92,580,728	

Source: Department accounting records from the Centralized Accounting and Payroll/Personnel System.

Appendix 3

Related State Auditor's Office Reports

Figure 15

Report Number	Report Name	Release Date
24-018	<i>An Audit Report on Performance-based Contracts at the Department of Family and Protective Services</i>	July 2024
23-012	<i>An Audit Report on Performance-based Contracts at the Department of Family and Protective Services</i>	December 2022
22-011	<i>An Audit Report on the Information Management Protecting Adults and Children in Texas (IMPACT) System at the Department of Family and Protective Services</i>	December 2021
22-006	<i>An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2021
18-022	<i>An Audit Report on Foster Care Redesign at the Department of Family and Protective Services</i>	March 2018



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The Honorable Greg Abbott, Governor

Department of Family and Protective Services

Ms. Stephanie Muth, Commissioner



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