



On-site Financial Audits of Selected Residential Foster Care Contractors

The following providers were audited for this report:

- Ascension Child and Family Services, a licensed child-placing agency.
- Faith 2 Faith Foster Care and Adoption, a licensed child-placing agency.

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

Ascension Child and Family Services (Ascension) had a significant lack of standardized financial processes and did not comply with the financial and foster home monitoring requirements in the Health and Human Services Commission's (Commission) *Minimum Standards for Child-Placing Agencies (Minimum Standards)*. Citing the noncompliance, the Department of Family and Protective Services terminated its contract with Ascension effective September 2026.

Faith 2 Faith Foster Care and Adoption (Faith 2 Faith) also had weaknesses in its financial processes and did not submit the required cost report to the Commission for fiscal year 2025. It did conduct quarterly supervisory visits at foster homes as required, but it should strengthen its monitoring process to consistently comply with all foster home monitoring requirements.

- [Background](#) | p. 3
- [Audit Objectives](#) | p. 18

This audit was conducted in accordance with Texas Government Code, Section 2155.1442.

PRIORITY

ASCENSION CHILD AND FAMILY SERVICES – FISCAL PROCESSES

Ascension had deficient record-keeping processes and inadequate oversight of its expenditures and operations. As a result, it did not submit a cost report for fiscal year 2025 and did not have financial records or data to demonstrate its financial health and compliance with the Commission's *Minimum Standards*.

[Chapter 1-A | p. 5](#)

PRIORITY

ASCENSION CHILD AND FAMILY SERVICES – FOSTER HOME MONITORING

Ascension did not consistently conduct visits with children in the care of its foster families or observe and document all information required by the Commission's *Minimum Standards*.

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PRIORITY

FAITH 2 FAITH FOSTER CARE AND ADOPTION – FISCAL PROCESSES

Faith 2 Faith did not have adequate financial processes, resulting in lack of support for its expenditures and noncompliance with cost report, audit, and cash reserve requirements. These weaknesses increase the risk that it will not operate on a sound fiscal basis.

[Chapter 2-A | p. 10](#)

MEDIUM

FAITH 2 FAITH FOSTER CARE AND ADOPTION – FOSTER HOME MONITORING

Faith 2 Faith conducted visits with children in the care of its foster families. However, it did not consistently observe and document all information required by the Commission's *Minimum Standards*.

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Summary of Management Responses

Auditors made recommendations to address the issues identified during this audit, provided at the end of each chapter in this report. Faith 2 Faith Foster Care and Adoption agreed with the recommendations. Ascension Child and Family Services did not provide a response to 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 objectives.

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.

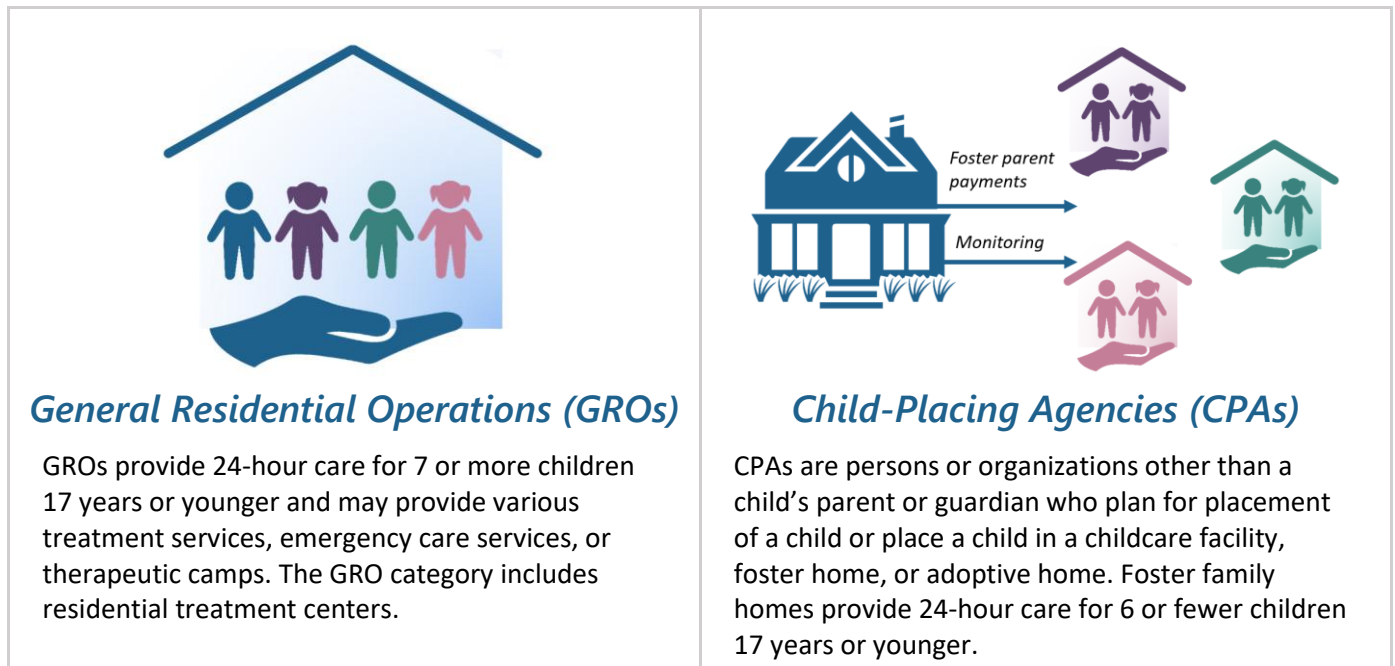
Background Information

Residential Foster Care Contractors

Residential foster care contractors (providers) deliver goods and services—such as therapy, food, shelter, and clothing—that promote the mental and physical well-being of children placed in their care through contracts funded by the Department of Family and Protective Services (Department). Providers that contract with the Department must report revenues, expenses, and other required information to the Health and Human Services Commission (Commission) in annual cost reports. The Department contracts with two types of providers: general residential operations and child-placing agencies (see Figure 1). In fiscal year 2025, the Department served 18,667 children through contracts with these providers, funding \$560,388,403 for foster care contract payments¹. For this audit, the State Auditor’s Office selected two child-placing agencies.

Figure 1

Types of Residential Foster Care Providers



Source: The Commission.

¹ Projected funding amount determined by the Department.

Audit Requirements

Texas Government Code, Section 2155.1442(b), requires the Commission to contract with the State Auditor's Office to perform on-site financial audits of providers that deliver foster care services for the Department as necessary. The State Auditor's Office, in consultation with the Commission, shall select the providers to audit based on providers' risk assessment rating, allegations of fraud or misuse of state or other contract funds, or other appropriate audit selection criteria.



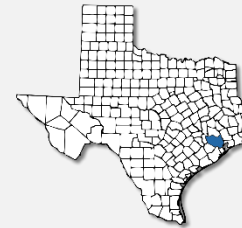
PRIORITY

Chapter 1-A Ascension Child and Family Services – Fiscal Processes

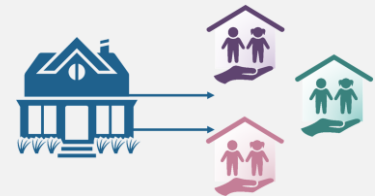
Ascension Child and Family Services (Ascension), a licensed child-placing agency, had a significant lack of standardized financial processes and did not comply with financial requirements established by the Health and Human Services Commission (Commission) for fiscal year 2025. As a result, there is an increased risk that Ascension is not operating on a sound fiscal basis.

Ascension had significant weaknesses in its financial processes.

Ascension had deficient record-keeping processes and inadequate oversight of its expenditures and operations. As a result, Ascension did not have financial records or data to adequately demonstrate its financial health and compliance with the Commission's *Minimum Standards for General Residential Operations (Minimum Standards)* (see the text box on the next page for details about the fiscal requirements for a child-placing agency).



Fiscal Year 2025 Summary^a



Child-placing agency permit issued in March 2016

A proprietary (for-profit) partnership located in Houston, Texas

5 employees



39 children served

Total expenditures reported on cost report	Not Reported
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^a From September 1, 2024, to August 31, 2025.

Sources: Ascension Child and Family Services, Department of Family and Protective Services, Health and Human Services Commission, and Internal Revenue Service.

Specifically, Ascension:

- Did not create or maintain accounting records, including a general ledger and non-payroll expenditure transaction history.
- Did not develop or document an annual budget.
- Did not retain documentation, such as receipts, for its purchases, payroll, and foster parent payments.
- Did not conduct reviews and approvals of expenditures.
- Did not receive an annual review of its financial records by an independent certified public accountant or demonstrate that it had reserve funds equal to three months of operating expenditures.

In addition, as of August 2026, Ascension did not complete and submit to the Commission a cost report, which also includes required reporting of related-party transactions, for fiscal year 2025². It submitted its fiscal year 2024 cost report five months late. While it did have some payroll expenditure data, it paid its employees via third-party direct transfer services and did not maintain payroll details necessary to demonstrate that payroll expenditures were supported and paid accurately.

Ascension also did not retain all required information for 7 (88 percent) of its 8 employees who were active during fiscal year 2025. Specifically, six employee records lacked at least one form of required documentation (see text box for record requirements), and the

Fiscal Requirements for Child-placing Agencies

The Commission's *Minimum Standards* require providers to establish and maintain their operations on a sound fiscal basis, including (1) paying employees timely and (2) paying foster parents according to established agreements. Providers must maintain complete financial records and make available for review either (1) an annual review of financial records or (2) proof of reserve funds equal to at least three months of operating expenses.

Source: Texas Administrative Code, Title 26, Section 749.161.

Personnel Record Requirements

Personnel records must include the following documentation:

- Employee hire date.
- Proof of minimum age and qualifications for the position.
- Current job description.
- Evidence of valid professional licensures, certifications, or registrations required for the position.
- Signed agreement of operational policies.
- Signed and dated agreement for required reporting of child abuse, neglect, or exploitation.
- Proof of background checks.
- Copy of driver's license or proof of driver's license check within the last 12 months if applicable.
- Date and reason for employee's separation, if applicable.

Source: Texas Administrative Code, Title 26, Section 749.553.

² Texas Administrative Code, Title 1, Section 355.101(c)(2)(A), requires providers to submit accurate and complete cost reports in accordance with Commission cost report instructions to ensure adequate and statistical information upon which to base reimbursement.

provider did not have a personnel record for one employee.

Ascension could not demonstrate that it paid its foster parents in accordance with requirements.

Similar to its employee payroll, Ascension paid its foster parents via third-party direct transfer services and did not maintain necessary details to determine the purpose of or service period for the payments. As a result, for all 48 foster parent payments³ tested, totaling \$109,450, Ascension could not demonstrate that the payment amounts were calculated accurately and paid at rates greater than or equal to the minimum pass-through rate.

Subsequent Event

At the end of July 2026, the Department of Family and Protective Services notified Ascension that it was terminating for cause its contract with the provider effective September 11, 2026, or the date on which the last foster child is removed from Ascension's operations.

Recommendation

If the owners-operators of Ascension enter into a new contract with the Department of Family and Protective Services, Ascension should comply with all financial requirements established in the Commission's *Minimum Standards*.

Management's Response

Ascension Child and Family Services did not provide a response to the recommendation.

³ The random sample of foster parent payments tested was based on a population of 239 payments, totaling \$518,674, from the Department of Family and Protective Services to Ascension for fiscal year 2025.

Chapter 1-B

PRIORITY

Ascension Child and Family Services – Foster Home Monitoring

Ascension did not establish processes that were adequately designed to help ensure compliance with the Commission's *Minimum Standards* for monitoring foster homes. As a result, it did not consistently conduct and document monitoring visits in accordance with all requirements (see text box for details about monitoring visit requirements).

Ascension did not complete all foster home monitoring visits and documentation.

Ascension had nine foster homes during fiscal year 2025, and it did not consistently conduct all required visits with the children in the care of its foster families or observe and document all information required by *Minimum Standards*. Specifically, Ascension did not have documentation to show that it conducted:

- All required in-home quarterly visits for 5 (56 percent) of the 9 foster homes.
- Monitoring visits every 6 months with both foster parents present for 4 (80 percent) of 5 applicable foster homes tested.
- Visits with all household members present at least once a year for any of the eight applicable foster homes tested.
- At least two unannounced visits per year for any of the seven applicable foster homes tested.

Minimum Standards for Monitoring Visits Conducted by Child-placing Agencies

Child-placement staff must conduct supervisory visits: (1) in the foster home at least quarterly; (2) with both foster parents, if applicable, at least once every six months; and (3) with all household members at least once a year. At least two supervisory visits must be unannounced.

Each visit must be documented in the home's record and include names of all household members present during the visit, results of the evaluation, and be signed by (1) each foster parent present for the visit and (2) the child-placement staff conducting the visit.

Source: Texas Administrative Code, Title 26, Section 749.2815.

Ascension also failed to consistently obtain and document required information at the quarterly monitoring visits of foster homes. Specifically:

- For 6 (67 percent) of the 9 foster homes, Ascension either did not provide monitoring documentation for all children in the home or did not include detailed, current observation notes to verify the visit occurred.
- For 8 (89 percent) of the 9 foster homes, Ascension did not (1) obtain the signatures of the foster parent(s) present during the visit and the child-placing staff conducting the visit and (2) record the names of the household members present during the visit.

Monitoring visits are a primary way for child-placing agencies to help ensure that foster homes comply with all Commission requirements. A lack of consistency in conducting and adequately documenting its visits with foster parents weakens Ascension's ability to identify areas in which foster parents may require additional resources to meet the needs of the children in their care and maintain child safety.

Recommendation

If the owners-operators of Ascension enter into a new contract with the Department of Family and Protective Services, Ascension should comply with all monitoring visit requirements established in the Commission's *Minimum Standards*.

Management's Response

Ascension Child and Family Services did not provide a response to the recommendation.

PRIORITY

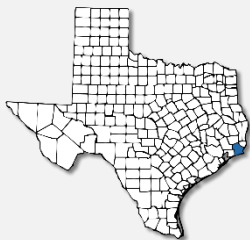
Chapter 2-A Faith 2 Faith Foster Care and Adoption – Fiscal Processes

Faith 2 Faith Foster Care and Adoption (Faith 2 Faith), a licensed child-placing agency, had significant weaknesses in its financial processes for fiscal year 2025, including inadequate oversight of its expenditures and non-compliance with the Health and Human Services Commission’s (Commission) cost report, audit, and cash reserve requirements. Without adequate financial processes, there is an increased risk that Faith 2 Faith will not operate on a sound fiscal basis.

Faith 2 Faith had significant weaknesses in its financial processes.

Faith 2 Faith established administrative policies and procedures that mostly met the Commission’s *Minimum Standards for General Residential Operations (Minimum Standards)* in the areas of personnel, record keeping, information technology, and conflicts of interest. In addition, Faith 2 Faith:

- Contracted with an external accountant for cost reporting and financial services, such as completing its fiscal year 2025 general ledger.
- Established an annual budget that contained an estimated 12 months of income and expenses.



Fiscal Year 2025 Summary ^a



Child-placing agency permit issued in December 2020

A sole proprietorship based in Beaumont, Texas

8 employees



8 children served

Total expenditures reported on cost report	Not Reported
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^a From September 1, 2024, to August 31, 2025.

Sources: Faith 2 Faith Care and Adoption, Department of Family and Protective Services, Health and Human Services Commission, and Internal Revenue Service.

However, Faith 2 Faith did not maintain complete financial records as required by the *Minimum Standards* (see text box for details about the fiscal requirements for a child-placing agency). Additionally, it did not perform other required activities and, as a result, had the following significant weaknesses.

Insufficient Financial Monitoring. Faith 2 Faith did not oversee the external work performed by its contracted accountant or conduct reviews of the general ledger and bank reconciliations.

Cost Report and Related-party Transactions. Faith 2 Faith did not complete and submit to the Commission a cost report for fiscal year 2025, which also includes reporting of related-party transactions, as required.⁴ It submitted its fiscal year 2024 cost report four months late.

Lack of Support for Expenditures. Faith 2 Faith did not maintain adequate supporting documentation for individual transactions. Specifically:

- **Non-payroll Expenditures.** Faith 2 Faith did not have supporting documentation for any of the 69 non-payroll expenditures⁵ tested.
- **Payroll Expenditures.** While Faith 2 Faith provided paystubs for the payroll expenditure payments, it did not maintain payroll documentation to support the employee pay rate and the hours and days worked for any of the 43 payroll expenditures⁶ tested. As a result,

Fiscal Requirements for Child-placing Agencies

The Commission's *Minimum Standards* require providers to establish and maintain their operations on a sound fiscal basis, including (1) paying employees timely and (2) paying foster parents according to established agreements. Providers must maintain complete financial records and make available for review either (1) an annual review of financial records or (2) proof of reserve funds equal to at least three months of operating expenses.

Source: Texas Administrative Code, Title 26, Section 749.161.

⁴ Texas Administrative Code, Title 1, Section 355.101(c)(2)(A), requires providers to submit accurate and complete cost reports in accordance with Commission cost report instructions to ensure adequate and statistical information upon which to base reimbursement rates.

⁵ The sample of non-payroll expenditures tested was based on a population of 1,469 transactions totaling \$583,890 recorded in Faith 2 Faith's fiscal year 2025 general ledger. The sample was chosen primarily using random selection; nine targeted sample items were selected using professional judgment based on dollar amounts, payees, and account classification and description.

⁶ The sample of payroll expenditures tested was based on a population of 211 transactions totaling \$329,740 recorded in Faith 2 Faith's fiscal year 2025 payroll register. The sample was chosen primarily using random selection; one targeted sample item was selected using professional judgment based on pay period hours.

it could not demonstrate that the payroll expenditures were paid correctly or recorded accurately in the general ledger.

Noncompliance with Fiscal Requirements. Faith 2 Faith did not obtain an annual review of its financial records by an independent certified public accountant or provide evidence of reserve operating funds equal to at least three months of operating expenses. Not receiving timely independent audits or ensuring that it maintains three months of reserve funds increases the risk that Faith 2 Faith will not have sufficient funds to maintain its operations on a sound fiscal basis.

Personnel Records. Faith 2 Faith did not maintain all information required by the Commission's *Minimum Standards* in its personnel records for the eight employees associated with the payroll expenditures tested. Specifically, six employee records lacked at least one form of required documentation (see text box for record requirements), and the provider did not have personnel records for two employees.

Faith 2 Faith could not demonstrate that it paid its foster parents in accordance with requirements.

Personnel Record Requirements

Personnel records must include the following documentation:

- Employee hire date.
- Proof of minimum age and qualifications for the position.
- Current job description.
- Evidence of valid professional licensures, certifications, or registrations required for the position.
- Signed agreement of operational policies.
- Signed and dated agreement for required reporting of child abuse, neglect, or exploitation.
- Proof of background checks.
- Copy of driver's license or proof of driver's license check within the last 12 months if applicable.
- Date and reason for employee's separation, if applicable.

Source: Texas Administrative Code, Title 26, Section 749.553.

Faith 2 Faith verified that foster homes met licensing requirements prior to making payments as required by the *Minimum Standards*. However, it could not demonstrate that all 11 foster parent payments⁷ tested, totaling \$19,842, were calculated accurately. While Faith 2 Faith had documentation of the payments, that documentation did not include the details necessary to determine the purpose of, service level, and time period for the payments.

Additionally, Faith 2 Faith did not ensure that foster parent payments were recorded accurately in its general ledger. Specifically, all 11 payments tested

⁷ The random sample of foster parent payments tested was based on a population of 56 payments, totaling \$115,678, from the Department of Family and Protective Services to Faith 2 Faith for fiscal year 2025.

were incorrectly classified in the “Salaries and Wages” account in its fiscal year 2025 general ledger.

Recommendations

Faith 2 Faith should:

- Adequately oversee its financial processes, including reviewing its general ledger for accuracy on a regular basis and completing bank reconciliations.
- Prepare and submit its cost report as required.
- Maintain complete and accurate supporting documentation for all financial transactions, such as payroll expenditures, non-payroll expenditures, and foster parent payments.
- Immediately obtain an independent review of its financial records from a certified public accountant or establish reserve funds equal to at least three months of operating expenses.
- Retain all required documentation in employee personnel files.

Management’s Response

Recommendation 1

Adequately oversee financial processes, including reviewing the general ledger for accuracy on a regular basis and completing bank reconciliations.

Management Response

Management agrees with this recommendation. Faith 2 Faith intends to engage professional accounting support to provide controller-level oversight, financial review, and compliance monitoring services. Monthly bank reconciliations will be prepared by internal staff and reviewed by management. Financial statements and general ledger activity will be reviewed monthly to identify unusual transactions, recording errors, and classification issues.

Responsible Person: Executive Director

Implementation Date: November 1, 2026 and ongoing.

Recommendation 2

Prepare and submit required cost reports.

Management Response

Management agrees with this recommendation. Faith 2 Faith intends to engage a financial services company to assist with annual cost report preparation, tax compliance, and reporting requirements. A compliance calendar will be maintained to monitor all filing deadlines and ensure timely completion of required submissions. Quarterly reviews of financial records will be performed to support accurate and timely reporting.

Responsible Person: Executive Director

Implementation Date: Immediate and ongoing.

Recommendation 3

Maintain complete and accurate supporting documentation for payroll expenditures, non-payroll expenditures, and foster parent payments.

Management Response

Management agrees with this recommendation. Faith 2 Faith is implementing formal document retention procedures requiring supporting documentation for all expenditures, payroll transactions, and foster parent payments. Electronic and physical files will be maintained in accordance with agency policies. Foster parent payment worksheets will be utilized to document payment calculations, service levels, placement dates, and supervisory approvals.

Responsible Person: Executive Director

Implementation Date: October 31, 2026.

Recommendation 4

Obtain an independent review of financial records by a Certified Public Accountant or establish reserve funds equal to three months of operating expenses.

Management Response

Management agrees with this recommendation. Faith 2 Faith will engage an independent CPA firm to perform an annual financial review required by the Minimum Standards. Management will also develop and monitor a reserve funding plan designed to achieve and maintain reserve levels consistent with regulatory requirements. Additionally, management will strengthen budgeting and financial monitoring processes to improve long-term financial stability.

Responsible Person: Executive Director

Implementation Date: December 31, 2026.

Recommendation 5

Retain all required documentation in employee personnel files.

Management Response

Management agrees with this recommendation. A comprehensive review of all personnel files is underway. Personnel file checklists have been developed to ensure all required documentation is obtained, retained, and periodically reviewed. New hire procedures have been updated to require verification of all required documents before onboarding is completed.

Responsible Person: Executive Director

Implementation Date: October 31, 2026.

Chapter 2-B

MEDIUM**Faith 2 Faith Foster Care and Adoption – Foster Home Monitoring**

Faith 2 Faith did not consistently comply with foster home monitoring requirements.

Faith 2 Faith conducted monitoring visits at both foster homes that required visits in fiscal year 2025, including quarterly supervisory visits that were supported by documentation containing the overall results of the visit and signatures from each foster parent present and the child-placement staff conducting the visit. Additionally, Faith 2 Faith performed at least two unannounced monitoring visits, as required by the Commission's *Minimum Standards*. (See text box for details about monitoring visit requirements.)

However, the documentation for some of those visits did not include all required elements. Faith 2 Faith's quarterly monitoring forms did not require staff to document all household members present for the visit. As a result, it could not provide documentation to verify that it conducted monitoring visits with (1) all family members at least once annually, and (2) both foster parents every six months for all foster homes tested.

Monitoring visits are a primary way for child-placing agencies to help ensure that foster homes comply with all Commission requirements. A lack of consistency in adequately documenting the results of all its monitoring visits weakens Faith 2 Faith's ability to accurately identify areas in which foster parents may need additional resources to meet the needs of the children in their care and maintain child safety.

Minimum Standards for Monitoring Visits Conducted by Child-placing Agencies

Child-placement staff must conduct supervisory visits: (1) in the foster home at least quarterly; (2) with both foster parents, if applicable, at least once every six months; and (3) with all household members at least once a year. At least two supervisory visits must be unannounced.

Each visit must be documented in the home's record and include names of all household members present during the visit, results of the evaluation, and be signed by (1) each foster parent present for the visit and (2) the child-placement staff conducting the visit.

Source: Texas Administrative Code, Title 26, Section 749.2815.

Recommendation

Faith 2 Faith should comply with all monitoring visit requirements established in the Commission's *Minimum Standards*, including updating its monitoring form to require documentation of all household members present for the visit.

Management's Response

Recommendation 6

Comply with all monitoring visit requirements and update monitoring forms to document all household members present during visits.

Management Response

Management agrees with this recommendation. Faith 2 Faith is revising its foster home monitoring forms and procedures to ensure documentation includes all required household members present during visits, foster parent participation, supervisory observations, and required signatures. Additional staff training will be provided regarding documentation requirements and record retention.

Responsible Person: Executive Director

Implementation Date: October 31, 2026.



Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to perform on-site financial audits of selected residential foster care contractors (providers) and verify whether the selected providers are spending federal and state funds on required services that promote the well-being of foster children in their care.

Texas Government Code, Section 2155.1442(b), requires the Health and Human Services Commission (Commission) to contract with the State Auditor's Office to perform on-site financial audits of selected providers.

Scope

The scope of this audit included the fiscal year 2025 cost reporting period for the two selected providers that delivered 24-hour residential childcare services for the Department of Family and Protective Services (Department).

The scope also included a review of significant internal controls related to the providers' financial and foster home monitoring processes, as applicable.

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



- Jessica McGuire, MSA
(Project Manager)
- Robby Webb, BGS
(Assistant Project Manager)
- Karmalita Fults, BBA
- Alyssa Alvarado, BA
- Cole Hass, BBA
- Emily Hikida, BS
- Sarai Rivas, BBA
- Keith Rodriguez, MAcy, BBA
- Makoa Shibuya, BS, CFE
- Bianca Pineda, BBA, CISA, CIA, CGAP, CFE
(Quality Control Reviewer)
- Paul Morris, MPA, CIA, CPA
(Audit Manager)

Methodology

We conducted this performance audit from March 2026 through September 2026 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 each provider's management for consideration.

Addressing the Audit Objectives

We selected two providers to audit based on (1) input from the Department with risk rankings developed by auditors, (2) contract value, and (3) the type of contract and the location of the provider. The two providers selected were:

- Ascension Child and Family Services (Ascension), a child-placing agency.
- Faith 2 Faith Foster Care and Adoption Agency (Faith 2 Faith), a child-placing agency.

We performed the following audit work at each provider:

- Determined whether selected providers had adequate processes to comply with the requirements in:
 - The Commission's *Minimum Standards for General Residential Operations* (listed in Texas Administrative Code, Title 1, Chapter 355, and Title 26, Chapter 749).
 - The Commission's *2025 Cost Report Instructions for 24-Hour Residential Child Care Program (25RCC)*.
- Interviewed management and staff at the Commission, the Department, and the providers to identify processes for managing fiscal responsibilities, cost reporting, and monitoring foster parents, including the internal controls and information that support those processes.
- Reviewed providers' policies and procedures.

- Determined whether providers reconciled all applicable bank accounts appropriately.
- Reviewed all employee personnel files to determine if they complied with *Minimum Standards*.
- Tested all foster home monitoring forms to ensure coverage of the providers' monitoring visits.

At Faith 2 Faith, we also tested appropriateness of user access controls over the information systems used by the provider and, if applicable, their subcontractors. We tested the entire population of users for the information systems identified.

Sampling

At both providers, we selected and tested non-statistical samples of foster parent payments. In addition, at Faith 2 Faith we selected and tested non-statistical samples of expenditures and payroll records.

Most of the samples were chosen through random selection to obtain a cross section of the populations tested. In some cases, we selected targeted sample items using professional judgment to address certain risk factors. In addition, the samples described were not necessarily representative of the populations, and the results, as reported, do not identify which items were randomly selected or selected based on risk factors; therefore, it would not be appropriate to project the sample test results to the populations. See the report chapters for information about the sample sizes, including the populations used and the risk factors considered to select samples.

Data Reliability and Completeness

We assessed the reliability of Faith 2 Faith's financial data⁸ and payroll data by reconciling (1) financial data to the trial balance reports, and (2) payroll data to the financial data.

For foster parent payments and foster home records tested at each provider, we assessed the reliability of the data that the Department provided from its database by reviewing the query language of the data sets and reconciling the data to active foster family provider records.

⁸ Financial and payroll data were unavailable for Ascension.

All applicable datasets were determined to be sufficiently reliable for the purposes of the audit.

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

Related State Auditor’s Office Reports

Figure 2

Report Number	Report Name	Release Date
26-002	<i>An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2025
25-005	<i>An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2024
24-004	<i>An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2023
23-006	<i>An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2022
22-006	<i>An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2021



Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dustin Burrows, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Health and Human Services Commission

Ms. Stephanie Muth, Executive Commissioner

Department of Family and Protective Services

Ms. Audrey O'Neill, Commissioner

Executive Directors of the Following Providers Audited

Ascension Child and Family Services

Faith 2 Faith Foster Care and Adoption



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