



An Audit Report on
Foster Care Redesign at the
Department of Family and Protective Services

March 2018
Report No. 18-022



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Overall Conclusion

The Department of Family and Protective Services (Department) monitored its contractor (ACH Child and Family Services, or ACH) for foster care redesign in Region 3B through performance measure outcome reviews, annual onsite visits, and other monitoring activities. To strengthen its monitoring process, the Department should consistently (1) document and analyze information from its monitoring, and (2) track **ACH's compliance with all contract requirements**. The **Department's documentation** and analysis of its monitoring will be increasingly important in ensuring the well-being of children in foster care as foster care redesign expands to other regions of the state.

The Department also had processes and controls to help ensure that it reported complete and accurate results for five of the six foster care-related performance measures that auditors tested. Auditors were unable to determine the accuracy or completeness of the remaining performance measure—Percent of Children/Youth in Foster Care who have at least Monthly Personal Contact with Each Sibling in Foster Care—because the Department did not ensure that ACH verified the accuracy or completeness of the data on which that performance measure was based. The Department should improve its processes to ensure that the data that foster care providers self-report is accurate and complete.

ACH's Monitoring of Foster Care Providers

ACH generally monitored the foster care providers with which it contracted as required, but it should improve the documentation of its monitoring to ensure that it consistently identifies and follows up on issues. In addition, ACH should comply with the contract requirement to evaluate foster care **providers' financial** capacity.

Auditors communicated other, less significant issues separately in writing to the Department and ACH management.

Background Information

With the enactment of Texas Family Code, Section 264.126, the Legislature directed the Department of Family and Protective Services (Department) to implement foster care redesign.

Under foster care redesign, a single source continuum contractor (SSCC) with which the Department contracts is responsible for managing the least restrictive, most family-like placement services that meet the residential and treatment service needs of children. The Department contracted with ACH Child and Family Services (ACH) effective January 1, 2014, as the SSCC for Region 3B (see Appendix 3 for a map of that region).

As of March 31, 2017, the Department had paid ACH \$91.1 million through the foster care redesign contract.

Sources: The Department; Senate Bill 218 (82nd Legislature, Regular Session); the Uniform Statewide Accounting System; and the Department's contract with ACH.

Table 1 presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 1

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter or Subchapter	Title	Issue Rating ^a
1-A	The Department Monitored ACH and Enforced Certain Contract Requirements	Low
1-B	The Department Should Consistently Document and Analyze Information from Its Monitoring of ACH	Medium
2	The Department Had Processes and Controls to Help Ensure That It Reported Accurate and Complete Results for Five of the Six Foster Care-related Performance Measures Tested; However, It Should Improve Certain Controls	Medium
3	While ACH Generally Monitored Foster Care Providers as Required, It Should Improve Certain Aspects of Its Monitoring	Medium
<p>^a A chapter/subchapter is rated Priority if the 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 and reduce risks to the audited entity.</p> <p>A chapter/subchapter is rated High if the 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 and reduce risks to the audited entity.</p> <p>A chapter/subchapter is rated Medium if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.</p> <p>A chapter/subchapter is rated Low if the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(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.</p>		

Summary of Management's Response

At the end of certain chapters in this report, auditors made recommendations to address the issues identified during this audit. The Department did not agree with one recommendation regarding its monitoring of ACH. After review and **consideration of management's responses, the State Auditor's Office stands by its conclusions** based on the evidence presented and compiled during this audit. Auditors also included a **follow-up comment to the Department's response on page 8** of this report.

The Department's and ACH's specific management responses to recommendations are presented after each set of recommendations in the report chapters, and additional responses from Department and ACH management are presented in Appendix 6.

Audit Objectives and Scope

The objectives of this audit were to:

- Determine whether the Department and the Health and Human Services Commission have contract oversight processes and related controls to help ensure that foster care redesign contractors perform in accordance with the terms of their contracts.
- Determine whether a selected foster care redesign contractor (ACH) has oversight processes and related controls to help ensure that subcontractors perform in accordance with the terms of their contracts.
- Determine whether the Department has processes and related controls to help ensure that it reports accurate and complete performance measures results and related data required by Rider 25, page II-42, the General Appropriations Act (84th Legislature).

The scope of this audit covered:

- **The Department's single source continuum contract (SSCC) with ACH. Specifically, auditors reviewed both the Department's monitoring of ACH's contract compliance and ACH's monitoring of subcontractors' contract compliance from January 1, 2014, through July 11, 2017.**
- The following contract performance measures and fiscal year 2017 Rider 25 performance measures:
 - Percent of Children/Youth who do not Experience an Incidence of Abuse, Neglect, or Exploitation While Placed with the SSCC (Region 3B SSCC only).
 - Percent of Cases Where All Siblings Are Placed Together (Region 3B SSCC only).
 - Percentage of Children/Youth in Foster Care who have at least Monthly Personal Contact with Each Sibling in Foster Care.
 - Percent of Children/Youth in Foster Care Placed in a Foster Family Home (Region 3B SSCC only).
 - Percent of Children in Substitute Care Under 12 Months with Two or Fewer Placements (Region 3B).
 - Percent of Adoptions Consummated within 24 Months (Region 3B).

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Detailed Results

Chapter 1

The Department Had a Process to Monitor ACH, But It Should Consistently Document and Analyze the Information from Its Monitoring

The Department of Family and Protective Services (Department) monitored its contractor (ACH Child and Family Services, or ACH) for foster care redesign in Region 3B. To strengthen its monitoring process, the Department should consistently (1) document and analyze information from its monitoring and (2) track ACH's compliance with all contract requirements.

Chapter 1-A

The Department Monitored ACH and Enforced Certain Contract Requirements

Chapter 1-A
Rating:
Low ¹

The Department established processes to monitor ACH. Specifically, it ensured that ACH met the startup phase requirements, financial requirements, utilization management policy requirements, and payment requirements for items tested. That included demonstrating that ACH was operationally ready to provide services. Based on contract requirements, ACH was responsible for establishing and maintaining a network of providers and foster families, placing the children in a foster home, providing necessary services, and monitoring foster parents.

Startup Phase

Auditors determined that the Department conducted a review to ensure that ACH had complied with certain contract requirements related to operational readiness. For example, the Department ensured that ACH complied with requirements to:

- Obtain and maintain a separate child placing agency license for its contract as the single source continuum contractor in Region 3B.
- Have a staff-training curriculum and a foster care provider-training curriculum.
- Maintain a system for tracking and reporting critical incidents.

¹ Chapter 1-A is rated Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(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.

- Have a manual outlining ACH's proposed approach to conducting operations as outlined in its contract with the Department.

Financial Information

The Department also analyzed ACH's financial information to determine whether ACH met certain contract requirements. For example, the Department's contract with ACH required ACH to demonstrate the ability to manage funding to provide services within available resources. To monitor ACH's compliance with that requirement, the Department analyzed ACH's financial information for the time period from September 1, 2014, through February 28, 2017.

Utilization Management Policy

The Department approved ACH's utilization management policy during fiscal year 2017 (see Appendix 5 for that policy). The contract required ACH to use an independent, third-party provider to perform service level utilization management and validate the level of care for children with service levels of moderate and above. During July 2017, the Department verified that a sample of children had received a service level review as the contract required. Auditors also tested a sample of seven children and verified that the Department approved those children's placements and levels of care, which were paid at the Department's exceptional rate, a rate that is higher than the blended foster care rate (see text box for more information).

Blended Foster Care Rate

The blended foster care rate is the rate the Department pays to the single source continuum contractor for each day of service provided to a child or youth in paid foster care. It is equal to the weighted average rate paid across all placement types.

Source: The Department's contract with ACH.

Payments to ACH

For a sample of 60 child placements that auditors tested, auditors confirmed that the number of days the Department paid ACH for each placement matched the information in ACH's placement documentation.

The Department Should Consistently Document and Analyze Information from Its Monitoring of ACH

Chapter 1-B
Rating:
Medium ²

The Department developed a monitoring process for its contract with ACH that it based primarily on performance measures specified in its contract with ACH (see Chapter 2 for additional information about the performance measures, and see Appendix 4 for additional information about that monitoring process).

The Department's monitoring process also included internal meetings and meetings with ACH to discuss performance. The Department conducted two site visits at ACH—one during fiscal year 2015 and one during fiscal year 2016—and prepared a monitoring report after each visit. However, as discussed below, the Department did not have documentation to show that it verified that ACH implemented its plan to monitor foster care providers.

The Department should document its verification of whether ACH conducted required monitoring of foster care providers.

While the Department asserted that it verified that ACH conducted contractually required monitoring of its 107 foster care providers during its onsite visits at ACH, it did not have documentation of its verification activities. As a result, the Department could not demonstrate how it ensured that ACH monitored foster care providers as required, which could negatively affect the well-being of children in foster care.

The Department did not have documentation demonstrating whether ACH completed its monitoring plan or whether ACH's monitoring was effective. As discussed in Chapter 3, ACH did not monitor one foster care provider for more than 18 months. The Department did not identify that monitoring did not occur for that provider, and it is unclear whether the Department's current process would identify that type of issue.

Although auditors determined that ACH generally monitored foster care providers as required (see Chapter 3 for additional information), it is important for the Department to document its verification that ACH monitored foster care providers. Without documentation of Department monitoring, there is an increased risk that issues at ACH or foster care providers may not be identified or resolved. The Department's documentation of its monitoring activities will be increasingly important in

² Chapter 1-B is rated Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

ensuring the well-being of children in foster care as foster care redesign expands to other regions of the state.

The Department should document its communication regarding **ACH's** performance.

According to the Department, its staff conducted regular meetings with ACH to discuss information related to the contract and foster care providers within foster care redesign. In addition, the Department asserted that staff held internal meetings to discuss processes that were not working well and child service plans. However, the Department did not document those meetings or the issues discussed at those meetings. If the Department documented the meetings or categories of issues discussed during those meetings, it could help the Department identify potential trends and whether broader issues exist.

To enhance its monitoring of the quality indicators in its contract with ACH, the Department should consider incorporating methodologies to analyze information and trends obtained from incorporating feedback provided by regional staff into its monitoring processes. For example, the Department has a process for sharing information concerning quality of care. However, that process appears to be based primarily on multiple layers of communication: a caseworker informs a supervisor, the supervisor informs regional staff, and then regional staff communicate issues to the redesign team. When applied to a larger portion of the state, that process may not be adequate to capture all pertinent issues. For example:

- Caseworkers provided anecdotal evidence to auditors of issues with transportation, such as foster children who are supposed to visit parents, but ACH contractors did not pick up all of the siblings to visit the parents.
- Caseworkers who manage foster care redesign cases asserted to auditors that they have encountered issues related to quality of care and placements within foster care redesign.

Documenting and analyzing issues at a high level can assist the Department in determining whether issues at the case level are isolated issues or whether they are indicative of broader issues across the state. In addition, documenting and analyzing that information would appear to be necessary to fully monitor foster care redesign and ensure the well-being of children in foster care.

According to the *State of Texas Contract Management Guide*, the purpose of monitoring a contractor's performance is to ensure that the contractor is performing all duties in accordance with the contract and for an agency to be aware of and address any developing problems or issues. In addition, the

Department's *Contract Handbook* states that the Department will track performance throughout the contract period. However, the procedures in that handbook did not require staff to document meetings at which they discussed contractor performance and contract requirements.

The Department documented and approved most of the child placements tested.

Auditors also tested a sample of 60 of the 2,328 child placements to determine whether (1) the placement documentation included information that the Department's contract with ACH required and (2) the Department approved the placements and child service plans. For the 60 child placements tested:

- Three placement narratives (5 percent) did not include certain required placement information. Specifically, the Department did not verify that all supporting documentation was present in the placement system before approving the placement. Without documenting all required placement information, the Department cannot ensure that all required information was considered during the placement decision-making process.
- The Department did not approve 2 placements (3 percent) as the contract required, and it did not approve 1 child service plan (2 percent) as the contract required. Without required approvals of placements and child service plans, the Department cannot ensure that placements and child service plans meet requirements.

Recommendations

The Department should:

- Document its process for ensuring that ACH has implemented its monitoring plan for foster care providers.
- Strengthen its processes to consistently document and analyze internal communication regarding foster care redesign and communications between ACH and the Department.
- Strengthen its processes to (1) include required placement information in placement narratives and (2) approve child placements and child service plans.

Management's Response

DFPS Response to SAO Chapter 1(B), Recommendation #1

SAO Chapter 1-B recommends that DFPS should “Document its process for ensuring that ACH has implemented its monitoring plan for foster care providers.” DFPS agrees that it is critical to document monitoring activities and believe that it has always done so through existing policy and tools.

As a part of its compliance with SB 20 (84th Reg. Session; see Tx. Gov't Code 2261.253) and Contract Oversight and Support (COS) Policy requirements, DFPS has identified the ACH SSCC contract as a contract that requires enhanced monitoring. In order to meet enhanced contract monitoring policy requirements, DFPS conducts an annual, on site administrative review designed to work in conjunction with, and compliment, the performance based model of SSCC Contracts (these were the 2015 and 2016 on site monitoring activities noted in the SAO report). The FCR Management Team focuses its annual onsite review on verification that the SSCC complies with a sample of the contract's higher risk provisions.³

During the onsite visits, the DFPS management team has verified that ACH has an effective subcontract monitoring policy plan, process, and timeline in place to manage and oversee the overall network of their subcontracted service providers. This aspect of the onsite review was supported by submission and review of the entire ACH annual monitoring plan, all activities conducted by ACH, along with the type of the review, report dates, and follow-up visits required and conducted. As such, DFPS did review the entire annual monitoring activities of ACH and its network providers, and made a determination that ACH's network monitoring processes addressed the network provider's requirements according to the SSCC Contract, the OCOK Provider Manual, RCCL Minimum Standards, and DFPS Contract Handbook Policy. DFPS has documented this in its FY15, FY16, and FY17 onsite reviews and associated tools. It should also be noted that HHSC RCCL regulates and conducts reviews of licensed residential child care entities that make up ACH's network. Similarly, out of state providers must be licensed by the applicable child welfare agency for that state. It is for these reasons that DFPS reserves the option of conducting a more in depth review as one of many options in its

³ The DFPS Administrative Review will always include reviews for background checks, minimum pass through payment requirements, subrecipient monitoring requirements, entity financial statements, and IT Security Requirements since these elements have been determined as the highest contract administration risk elements associated with the SSCC Contract. For the remaining scope of the Administrative Review, DFPS chooses contract provisions from Major Deliverables 2, 3, and 4 using a risk based review approach that incorporates a historical review of prior contract and licensing actions, if any.

annual administrative monitoring⁴, or in response to performance data, so that the option is available should the circumstances dictate.

DFPS Response to SAO Chapter 1(B), Recommendation #2

SAO Chapter 1(B) also recommends that DFPS should “Strengthen its processes to consistently document and analyze internal communication regarding foster care redesign and communications between ACH and the Department.”

DFPS is confident in its process for capturing issues raised by internal staff, including caseworkers. Each Foster Care Redesign catchment area establishes a CPS Cultural Change Committee facilitated by the catchment area Foster Care Redesign Administrator and made up of CPS workers, supervisors, Program Directors, and administrative/support staff from each stage of service (INV, FBSS and CVS). The committee acts as a conduit for CPS front line staff to the SSCC and the Foster Care Redesign team to address local systems issues. For case specific issues, caseworkers are expected to elevate issues through their chain of command and use (if necessary) the dispute resolution process outlined in the Operations Manual Joint Protocol for 3b.

With that said, DFPS agrees with the SAO that incorporating input from regional staff is a critical component for ensuring quality care. To improve the process, DFPS will institute a survey for caseworkers to provide information that will aid in the oversight of the ACH/SSCC Contract.

Person responsible for ensuring survey is developed and implemented:
Director of Community Based Care

Implementation Date: August 31st 2018

DFPS is confident in its documentation of necessary contract issues with ACH. However, DFPS agrees with the SAO’s recommendation and will enhance documentation of standing calls with ACH to memorialize the agenda and meeting notes. It is important to understand that Foster Care Redesign and the SSCC Contract contemplate a shared system whereby both DFPS and the SSCC have important roles in operating paid foster care in the catchment area. DFPS and ACH regularly exchange frequent communication on a daily basis in the joint administration of the paid foster care program in the catchment area. DFPS respectfully suggests that it is not an optimal use of state resources or staff’s time who serve children and families to formally track and catalogue each instance of interaction between the Department and the SSCC. In the ordinary course of business, frontline staff for both

⁴ As an example, the FY17 Administrative Review did include a sampling and review of the ACH desk reviews and site visits that ACH conducted as well as ACH’s follow-up work on issues that ACH identified at those foster care providers.

entities elevate more serious issues to supervisors and, if warranted, leadership. Such elevated issues result in direct communication between leadership for both sides, conducted in advance of any formally documented performance concerns.

Person responsible for ensuring standing calls have a documented agenda and meeting notes: Director of Community Based Care

Implementation Date: To begin the week of February 1st 2018

DFPS Response to SAO Chapter 1(B), Recommendation #3

SAO Chapter 1(B)'s third recommendation is that DFPS should "Strengthen its processes to (1) include required placement information in placement narratives and (2) approve child placements and child service plans." DFPS currently has such policies and procedures in place. Based on the SAO's Report, DFPS is between 95%-98% compliant with meeting the requirements as outlined in the policies and procedures. Please see Operations Manual Joint Protocol for 3b pages 8-19 and the SSCC Contract Exhibit A, Chart 2.⁵

If a different process is necessary to comply with the SAO's recommendation outlined in this section, DFPS would require additional resources to develop the tools necessary to calculate/track time of referral, time to transfer of physical possession of child, and placement into one system.

Auditor Follow-up Comment

The information that the Department documented for its fiscal years 2015 and 2016 site visits of ACH indicated that the Department reviewed ACH's monitoring plans, but it did not document the process it used to ensure that the plans were executed. Documenting that information would show that (1) ACH monitored all providers annually as required by the contract and (2) whether issues that ACH identified at the foster care providers were resolved.

⁵ https://www.dfps.state.tx.us/Child_Protection/Community_Based_Care/documents/3b_FCR_Operations_Manual.pdf

The Department Had Processes and Controls to Help Ensure That It Reported Accurate and Complete Results for Five of the Six Foster Care-related Performance Measures Tested; However, It Should Improve Certain Controls

Chapter 2
Rating:
Medium ⁶

As discussed in Chapter 1, the Department conducted the majority of its monitoring using performance measures. The Department’s contract with ACH contained 13 performance measures. The Department also reported on 11 additional performance measures under Rider 25, page II-42, the General Appropriations Act (84th Legislature). That rider required the Department to report on selected performance measures to allow for a comparative analysis between legacy foster care and foster care redesign.

Auditors tested processes and controls for six performance measures: four performance measures from the Department’s contract with ACH and two performance measures from the rider discussed above. The Department followed the required methodology for calculating those six performance measures. In addition, the Department had processes and controls to help ensure that it reported accurate and complete results for 5 (83 percent) of the 6 performance measures tested. Those five performance measures were:

- Percent of Children/Youth Who Do Not Experience an Incidence of Abuse, Neglect, or Exploitation While Placed with the SSCC (Region 3B SSCC only).
- Percent of Cases Where All Siblings Are Placed Together (Region 3B SSCC only).
- Percent of Children/Youth in Foster Care Placed in a Foster Family Home (Region 3B SSCC only).
- Percent of Children in Substitute Care Under 12 Months with Two or Fewer Placements (Region 3B).
- Percent of Adoptions Consummated within 24 Months (Region 3B).

For the remaining performance measure tested—Percent of Children/Youth in Foster Care who have at least Monthly Personal Contact with Each Sibling in Foster Care—the Department relied on self-reported data that foster care providers submitted through the Department’s Performance Management

⁶ Chapter 2 is rated Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity’s ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

Evaluation Tool (PMET) system. However, the Department did not ensure that ACH maintained support for or verified the accuracy or completeness of that data, nor did the Department verify the accuracy or completeness of the data. Therefore, auditors were unable to determine the accuracy or completeness of that performance measure.

According to the Department's contract with ACH, 6 (46 percent) of the 13 performance measures in that contract (including the performance measure discussed immediately above) rely on data from the PMET system to calculate the performance measure outcomes. The Department's contract with ACH requires ACH to "...maintain documentation to support performance measures to allow for testing the validity of the results reported." Not ensuring that PMET data is accurate increases the risk that the Department could evaluate contractor performance based on incorrect information.

Recommendations

The Department should:

- Require ACH to comply with the contract requirement to maintain documentation to support performance measures.
- Develop and implement methods to verify self-reported PMET data and determine the accuracy and completeness of that data.

Management's Response

DFPS Response to SAO Chapter 2

SAO Chapter 2 recommends that the Department should: "Require ACH to comply with the contract requirement to maintain documentation to support performance measures." And "Develop and implement methods to verify self-reported PMET data and determine the accuracy and completeness of that data."

DFPS agrees that improvements are needed to verify self-reported PMET data. DFPS will ensure through annual contract monitoring that ACH implements processes to verify the accuracy and completeness of the data.

*Person responsible for implementation: Director of Community Based Care
Implementation Date: To begin as a part of FY 2018 on-site monitoring of SSCC contracts no later than October 31st 2018.*

While ACH Generally Monitored Foster Care Providers as Required, It Should Improve Certain Aspects of Its Monitoring

Chapter 3
Rating:
Medium ⁷

ACH generally monitored foster care providers as required by conducting desk reviews and/or onsite visits to determine whether the foster care providers complied with contract requirements and minimum standards. However, it should improve its compliance with annual monitoring requirements and certain aspects of its desk reviews and onsite visits.

ACH's Annual Monitoring of Foster Care Providers

Auditors tested ACH's monitoring documentation for 19 (18 percent) of the 107 foster care providers between fiscal year 2015 and February 2017. For 18 (95 percent) of those 19 foster care providers, ACH performed the annual monitoring that its contract required. However, it did not perform required monitoring for the remaining foster care provider. (See Chapter 1-B for additional discussion about this issue, including recommendations to the Department.) That provider did not receive monitoring for more than 18 months, and during that time children were placed with that foster care provider. In addition, outside of the sample of foster care providers that auditors tested, auditors identified two foster care providers for which ACH did not perform required monitoring but which received payments from ACH. Fifteen children were placed at those two foster care providers between January 2015 and March 2017.

ACH did not perform all required annual monitoring because its monitoring procedures did not align with the requirements in its contract with the Department. Specifically, ACH's procedures stated that ACH would:

- Conduct desk review for at least 90 percent of all foster care providers within the first year of enrollment.
- Conduct onsite visits for at least 80 percent of the child placing agency providers within the first year of enrollment.

During the Department's two site visits at ACH, the Department did not note the issues discussed above. Not ensuring that ACH monitors foster care providers annually increases the risk that issues at foster care providers may not be identified and corrected.

⁷ Chapter 3 is rated Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

ACH's Desk Reviews of Foster Care Providers

ACH should improve its documentation of desk reviews, consistently require quality improvement plans from desk reviews, and consistently document its follow-up activities related to desk reviews. Auditors tested desk reviews of foster care providers that ACH conducted between fiscal year 2015 and January 2017⁸ and determined the following:

- ACH should improve its documentation of desk reviews. For 9 (56 percent) of the 16⁹ desk reviews tested for which monitoring tools were available, auditors could not determine whether ACH (1) tested all requirements and (2) carried forward all issues it identified through the monitoring tools to its monitoring reports. In addition, 3 (18 percent) of the 17 desk reviews for which monitoring reports were available included issues that the monitoring tools did not support. Examples of observations not supported by the monitoring tools or monitoring reports included foster care providers' (1) not having proof of personnel criminal background checks and (2) not correctly determining whether personnel had received required screenings for tuberculosis. Those issues reduce ACH's ability to ensure that its monitoring reports accurately reflect foster care providers' compliance with requirements.
- ACH should consistently require quality improvement plans. For 2 (29 percent) of the 7 desk reviews for which at least 50 percent of records reviewed had issues, ACH did not comply with its process to require a quality improvement plan under those circumstances (see text box for additional information on quality improvement plans). For example, for one desk review, ACH did not require a quality improvement plan when its monitoring tools showed that two of four personnel at a foster care provider did not attend sudden infant death syndrome training and brain development training. The Department's minimum standards for child placing agencies require that training. ACH did not have a documented procedure that required its monitoring staff to follow the established process.

Quality Improvement Plans

In quality improvement plans, foster care providers are required to document action plans to correct areas for improvement that ACH identifies during desk reviews and onsite visits. Foster care providers must submit quality improvement plans to ACH within 30 days of receipt of a monitoring report.

Source: ACH.

⁸ Although auditors' sample encompassed ACH's monitoring through February 2017, the most recent desk review that auditors tested was performed in January 2017.

⁹ Auditors selected 17 desk reviews. ACH had the monitoring reports for all 17 of those desk reviews, but it had the monitoring tools for only 16 of those desk reviews.

- ACH should consistently document that it followed up on foster care providers' corrective actions. While ACH generally followed up on the actions required in its monitoring reports and approved quality improvement plans or ensured that foster care providers implemented other corrective actions, for 2 (17 percent) of the 12 desk reviews for which corrective actions were required, ACH did not retain evidence showing that it followed up on all required corrective actions. ACH's monitoring policies state that, regardless of whether quality improvement plans are accepted or need updates, ACH will notify the foster care provider regarding follow-up corrective action. Not ensuring that foster care providers submitted quality improvement plans or implemented corrective actions increases the risk that foster care providers will remain out of compliance with requirements.

ACH's Onsite Visits at Foster Care Providers

ACH should consistently document that it tested all requirements during onsite visits and consistently require quality improvement plans from onsite visits. Auditors tested onsite visits that ACH conducted at foster care providers between fiscal year 2015 and February 2017 and determined the following:

- ACH should consistently document that it tested all requirements. For 14 (88 percent) of the 16 onsite visits for which ACH issued monitoring reports, auditors could not determine whether ACH tested all requirements. For 13 (81 percent) of those 16 onsite visits, auditors also could not determine whether ACH carried forward all issues it identified through monitoring tools to its monitoring reports. In addition, while ACH's observations in the monitoring reports were generally supported by its monitoring tools, 4 (25 percent) of the 16 monitoring reports included issues that the monitoring tools did not support. Examples of observations not supported by monitoring tools or monitoring reports included foster care providers' (1) not having disaster and emergency response plans and (2) not submitting verification of children's school enrollment within five days of enrollment.

ACH's review process for onsite visits did not include a comparison of its monitoring tools to its monitoring reports. ACH's monitoring policies required staff to document findings from monitoring activities and to submit a final monitoring report to the foster care provider. Without ensuring that all requirements were tested and that issues were consistent between its monitoring tools and monitoring reports, ACH cannot ensure that its monitoring reports accurately reflect foster care providers' compliance with requirements.

- ACH should consistently require quality improvement plans. For 6 (40 percent) of 15 onsite visits for which at least 50 percent of records reviewed had issues, ACH did not comply with its process to require a quality improvement plan under those circumstances. For example, during one onsite visit, ACH did not require a quality improvement plan when the monitoring tools showed caregivers had not taken required training on communicable diseases and abuse and neglect reporting. ACH did not have a documented procedure that required its monitoring staff to follow the established process.

While ACH should improve the aspects of onsite visits discussed above, it followed up on actions required in its monitoring reports for all 15 of the onsite visits tested for which follow-up was required.

ACH's Monitoring of Foster Care Providers' Financial Viability and Qualifications

ACH did not evaluate the financial capacity of foster care providers as required by its contract with the Department. ACH's contracts with its foster care providers state that it will monitor foster care providers' financial viability. Without monitoring that requirement, ACH cannot ensure that its foster care providers have the financial viability necessary to serve children.

For all 13 foster care providers that auditors tested, ACH ensured that the foster care providers were qualified to provide services in accordance with contract requirements and that it had contracts in place prior to placing children with those foster care providers.

Recommendations

ACH should:

- Establish controls to ensure that issues in its monitoring reports from desk reviews and onsite visits at foster care providers are consistent with the supporting monitoring tools.
- Develop and document policies and procedures that align with its current processes to require (1) monitoring staff to require a quality improvement plan for desk reviews and (2) onsite visits when at least 50 percent of records reviewed have issues.
- Perform required financial monitoring of foster care providers.

ACH's Management's Response

ACH Response to SAO Chapter 3, Recommendation #1 for ACH.

ACH should establish controls to ensure that issues in its monitoring reports from desk reviews and onsite visits at foster care providers are consistent with the supporting monitoring tools.

It is the position of ACH that the current monitoring tools do in fact align with the monitoring reports. While maintaining that understanding, ACH has identified key areas contained within the monitoring reports that could be clarified with respect to the applicability of specific items to actual programs and services offered by individual providers. ACH has made the determination that if a particular item or section of a monitoring report does not apply to the provider being monitored, that item or section will be identified as "N/A" and/or "Not Applicable" rather than being left blank. This will document that ACH chose not to monitor this item or section. These items or sections could be "N/A" for any number of reasons, such as the provider not offering a particular set of services or a provider not serving certain children with specific types of needs. With the ability of ACH to designate which items or sections of the monitoring reports are not applicable, the SAO will be able to determine with greater clarity that the monitoring process was utilized and implemented in the correct manner.

ACH Action: ACH will train staff to mark "N/A" in items or sections not scored for specific providers, and begin implementing this change by April 1, 2018. COO of OCOK will be responsible for implementing this action.

ACH Response to SAO Chapter 3, Recommendation #2 for ACH.

ACH should develop and document policies and procedures that align with its current processes to require (1) monitoring staff to require a quality improvement plan/or desk reviews and (2) onsite visit when at least 50 percent of the records have issues.

ACH agrees that we will update current policies to provide greater detail as to the facts and circumstances which warrant a quality improvement plan. This "more defined" implementation effort will alleviate the concern as to when a quality improvement plan should be implemented with respect to a provider. As to the decision concerning whether or not to administer or implement a quality improvement plan, ACH maintains that it should not be required to duplicate the tasks and requirements of Residential Child Care Licensing. Practices such as checking TB testing¹⁰, verifying mandated background

¹⁰ Minimum Standards for Child-Placing Agencies. Texas Department of Family and Protective Services. January, 2017. pp.53.

checks¹¹, and verifying training compliance¹², are monitored by TDFPS through the licensing process and should not be duplicated by ACH.

Adding an additional “licensure” aspect to the duties of ACH and requiring it to be implemented with 100% of providers, would require additional resources to perform this function. ACH must be allowed to give full faith and credit to the license issued by the Department of Family and Protective Services with respect to the monitoring of a provider. This is also advantageous to DFPS in that it continues to ensure that there is third party oversight to the SSCC/Provider agreement for quality assurance. ACH should be allowed to rely upon the license issued, approved and maintained by RCCL in determining whether or not a provider is meeting and/or exceeding the minimum standard guidelines.

ACH Action: *ACH will update current procedures to provide greater detail as to the facts and circumstances which warrant a quality improvement plan, and begin implementing this change by April 1, 2018. COO of OCOK will be responsible for this action.*

ACH Response to Chapter 3, Recommendation #3 for ACH.

ACH should perform required financial monitoring of foster care providers.

It is the position of ACH that this recommendation is currently implemented between ACH and the network providers. This requirement for ACH to perform financial monitoring of foster care providers is found within the subcontractor agreement between ACH and the provider network.¹³ Requiring every subcontractor to provide documentation that they hold a valid license through the Texas Department of Family and Protective Services, provides prima facie evidence of not only compliance with the financial viability requirements¹⁴, but of being in good standing with the DFPS as well. It was not ACH’s intent to review each and every provider for financial viability beyond the requirements of TDFPS minimum standards, but to reserve the right to do so if warranted. As the SAO is well aware, under Texas law, contracts (agreements) are to be construed against the drafter. Here the drafter of this agreement, ACH, incorporated this provision in an effort to retain the ability to have access to the financial information of a provider should a need arise. ACH agrees to update the language in Section 4.11 of our SSCC Provider Services Agreement to clarify this approach.

¹¹ Minimum Standards for Child-Placing Agencies. Texas Department of Family and Protective Services. January, 2017. pp.53.

¹² Minimum Standards for Child-Placing Agencies. Texas Department of Family and Protective Services. January, 2017. pp.71-91.

¹³ SSCC Provider Services Agreement, DFPS Administrative Region 3b. ACH Child and Family Services.

¹⁴ Minimum Standards for Child-Placing Agencies. Texas Department of Family and Protective Services. January, 2017. pp.32.

Finally, through our annual review of compliance with minimum pass through requirements, ACH does monitors compliance of all child-placing agency subcontractors with the minimum pass through rate requirement for the payment of foster parents. This process checks subcontractor adherence to proper payment of foster parents.

ACH Action: *ACH will update the language in Section 4.11 of our SSCC Provider Services Agreement to clarify our financial monitoring approach, and begin implementing this change for new contracts by April 1, 2018. COO of OCOK will be responsible for this action.*

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Determine whether the Department of Family and Protective Services (Department) and the Health and Human Services Commission (Commission) have contract oversight processes and related controls to help ensure that foster care redesign contractors perform in accordance with the terms of their contracts.
- Determine whether a selected foster care redesign contractor (ACH Child and Family Services, or ACH) has oversight processes and related controls to help ensure that subcontractors perform in accordance with the terms of their contracts.
- Determine whether the Department has processes and related controls to help ensure that it reports accurate and complete performance measures results and related data required by Rider 25, page II-42, the General Appropriations Act (84th Legislature).

Scope

The scope of this audit covered:

- The Department's single source continuum contract (SSCC) with ACH. Specifically, auditors reviewed both the Department's monitoring of ACH's contract compliance and ACH's monitoring of subcontractors' contract compliance from January 1, 2014, through July 11, 2017.
- The following fiscal year 2017 Rider 25 performance measures:
 - Percent of Children/Youth who do not Experience an Incidence of Abuse, Neglect, or Exploitation While Placed with the SSCC (Region 3B SSCC only).
 - Percent of Cases Where All Siblings Are Placed Together (Region 3B SSCC only).
 - Percentage of Children/Youth in Foster Care who have at least Monthly Personal Contact with Each Sibling in Foster Care.

- Percent of Children/Youth in Foster Care Placed in a Foster Family Home (Region 3B SSCC only).
- Percent of Children in Substitute Care Under 12 Months with Two or Fewer Placements (Region 3B).
- Percent of Adoptions Consummated within 24 Months (Region 3B).

Methodology

The audit methodology included collecting information and documentation; interviewing both Department and ACH staff regarding financial, reporting, monitoring, performance measure, and operational processes; analyzing documentation related to financial payments and serious incidents; testing documentation related to reporting, monitoring, performance measures, service delivery, contract readiness, subcontractor approval, exceptional care, and information technology; and analyzing and evaluating the results of the tests.

Data Reliability and Completeness

To determine the reliability of performance measure data and financial information from the Information Management Protecting Adults and Children in Texas (IMPACT) system, auditors reviewed the data for validity and completeness by (1) reviewing user access; (2) reviewing data query language; and (3) comparing IMPACT financial data to Uniform Statewide Accounting System (USAS) financial data and Health and Human Services Administrative System (HHSAS) financial data. Auditors also verified system controls through observation and application controls testing. Auditors determined that the data was sufficiently reliable for the purposes of this audit.

To determine the reliability of performance measure data from the IMPACT data warehouse, auditors reviewed the data for validity and completeness by (1) reviewing user access and (2) reviewing data query language. Auditors verified edit checks and system controls through observation and application controls testing. Auditors also tested user access to the Department's Management Reporting and Statistics (MRS) tracking system, which controls access to performance measure requests and outputs. Auditors determined that the data was sufficiently reliable for the purposes of this audit.

To determine the reliability of financial data from ACH's EVOLV system, auditors reviewed the data for validity and completeness by (1) reviewing user access, (2) reviewing data query language, and (3) verifying edit checks and system controls through observation and application controls testing.

Auditors determined that the data was sufficiently reliable for the purposes of this audit.

Sampling Methodology

Auditors selected nonstatistical samples of children in Foster Care Redesign at ACH and exceptional care approvals using a risk-based approach. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Auditors selected a nonstatistical sample of performance measure data using a risk-based approach. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Auditors selected nonstatistical and risk-based samples of subcontractor approvals, desk reviews, and onsite visits using a risk-based approach. Those sample items generally were not representative of the population. Therefore, it would not be appropriate to project those test results to the population.

Auditors tested the entire population of exceptional care payments from September 1, 2016, to March 31, 2017, and both the Department's and ACH's reconciliation formulas related to those payments.

Information collected and reviewed included the following:

- The foster care redesign contract between the Department and ACH.
- The Department's *Contract Handbook*.
- Department contract expenditure data from IMPACT and HHSAS.
- USAS vendor payment data.
- IMPACT placement data.
- The Department's Rider 25 reports.
- Department performance measure definitions and results.
- ACH readiness documents that the Department reviewed.
- User access lists for IMPACT, MRS, and ACH's EVOLV system.
- The Department's annual monitoring reports, continuous quality improvement plans, and fiscal monitoring reports.

- Child placement documentation.
- The Department's review of ACH's utilization management policy, and the Department's verification of service level utilization management.
- ACH's subcontractor approval documents.
- ACH's onsite visit reports, desk reviews, and supporting documentation.
- ACH's contract monitoring policies and procedures.

Procedures and tests conducted included the following:

- Interviewed Department staff.
- Interviewed ACH staff.
- Reviewed Department site visit documentation.
- Tested documentation related to foster care redesign child placements with ACH to determine whether the Department complied with the contract terms.
- Tested documentation related to child placements and IMPACT billing to determine whether placement dates matched IMPACT data.
- Tested documentation related to contractor readiness to determine whether the Department ensured that ACH met the contract qualifications.
- Reviewed the Department's documentation regarding analysis of ACH financial data.
- Tested ACH's process for approving subcontractors.
- Reviewed ACH's documentation for onsite visits and desk reviews at foster care providers.
- Reviewed the Department's review of ACH's utilization management policy, and the Department's verification of service level utilization management.
- Reviewed child placements at exceptional care payment rates for Department approval.
- Reviewed Department performance measure results and methodologies.
- Reviewed user access to IMPACT, MRS, and ACH's EVOLV system.

Criteria used included the following:

- The Department's contract with ACH.
- The Department's *Contract Handbook*.
- *State of Texas Contract Management Guide*, version 1.16.
- ACH contracts with foster care providers.
- ACH contract monitoring policies and procedures.

Project Information

Audit fieldwork was conducted from March 2017 through November 2017. We conducted this performance audit 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.

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

- Kristyn Scoggins, CGAP (Project Manager)
- Jerod Heine, MBA (Assistant Project Manager)
- Joseph Kozak, CPA, CISA
- Fabienne Robin, MBA
- Philip Stringer, CPA
- Jessica Volkmann, CPA
- Robert G. Kiker, CGAP (Quality Control Reviewer)
- Angelica M. Ramirez, CPA (Audit Manager)

Issue Rating Classifications and Descriptions

Auditors used professional judgement and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

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.

Table 2 provides a description of the issue ratings presented in this report.

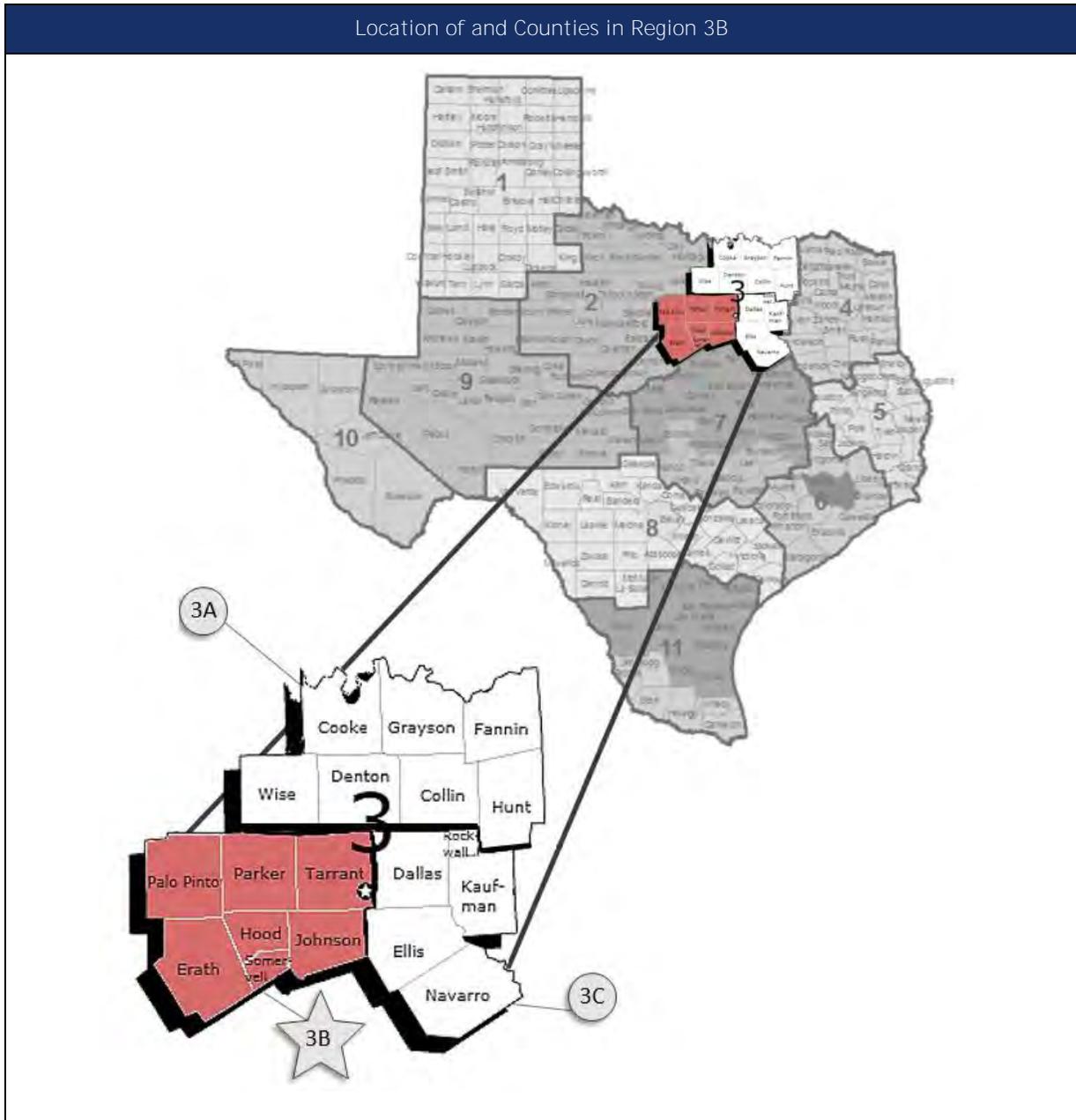
Table 2

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited <u>or</u> 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.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> 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.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> 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.

Map of Region 3B

The Department of Family and Protective Services (Department) contracted with ACH Child and Family Services effective January 1, 2014, as the single source continuum contractor for Region 3B. Figure 1 highlights the location of and counties in Region 3B.

Figure 1



Source: The State Auditor's Office created this map based on Department information.

Processes the Department Uses to Monitor ACH and to Administer Foster Care Redesign in Region 3B

Overview of Foster Care Redesign Monitoring. Under its contract with the Department of Family and Protective Services (Department), ACH Child and Family Services (ACH) is the single source continuum contractor (SSCC) and, therefore, responsible for ensuring the full continuum of foster care services in Region 3B.

The Department has a foster care redesign team responsible for conducting contractor monitoring activities, such as performance measure outcome reviews, fiscal monitoring, and site visits. While other divisions in the Department also monitor ACH, the Department's foster care redesign team performs most of the monitoring. The foster care redesign team reviews performance measure outcomes to ensure that ACH meets performance targets. The team also conducts weekly meetings and holds bi-monthly meetings with ACH to discuss various issues such as information related to ACH's foster care providers.

The foster care redesign team also conducts annual site visits at ACH to help ensure that ACH meets contract requirements, and it prepares monitoring reports summarizing the results of the site visits. During the site visits, or through other monitoring activities, the Department's foster care redesign team may issue enforcement actions under its intervention plan. The Department develops the intervention plan to outline the enforcement activities the Department may issue when ACH does not meet contract requirements.

The foster care redesign team also includes an administrator who works in Region 3B to help oversee foster care redesign implementation and help troubleshoot issues as they arise. The foster care redesign administrator also leads cultural change committee meetings to discuss any concerns.

The Department's regional staff monitor day-to-day requirements, such as approving child placements and child service plans.

In addition, according to the Department, it relies on certain processes in its legacy foster care system for oversight of providers within foster care redesign. For example, according to the Department, the Residential Child Care Licensing division (whose duties, as of September 1, 2017, were conducted partially at the Department and partially at the Health and Human Services Commission) approves licenses for providers and investigated and tracked reported allegations of abuse and neglect.

Performance Measure Review. The Department uses at least 24 performance measures used to monitor ACH. The performance measures track items such as the safety of the children, stability of placement, and maintaining connections with family. The Department reviews performance measure outcomes to verify whether ACH met performance targets in its contract. When outcomes consistently fall below the targets, the Department may issue a continuous quality improvement (CQI) plan to help ensure that ACH improves outcomes.

Site Visits at ACH. The Department conducts annual site visits at ACH to help ensure that ACH meets its contract requirements. The Department prepares a monitoring report after each site visit that outlines a summary of the Department's review for each of the four deliverables in its contract with ACH. The monitoring report also contains information on any CQI plans that the Department has issued to ACH for not meeting certain contract requirements. During its site visits, the Department also verifies ACH's compliance with minimum pass-through payment requirements for payments to foster families.

Child Placements and Service Plans. The Department's caseworkers and caseworker supervisors in Region 3B approve child placements and service plans.

Foster Care Redesign 3B Manual. The Department developed an operations manual as a set of protocols for Department and ACH staff to follow regarding functions such as child placements, child service planning, court hearings, adoption, and case dispute resolution.

Regular Meetings and Communication. The Department and ACH conduct bi-monthly meetings to discuss various types of information, such as issues with providers. Department foster care redesign staff also conduct weekly meetings to discuss that information.

Foster Care Redesign Administrator. The Department has a foster care redesign administrator to help oversee foster care redesign implementation in Region 3B and troubleshoot case-related issues. The foster care redesign administrator is located in Region 3B and has regular communication with other foster care redesign staff and Region 3B case management staff.

Cultural Change Committee. The Department's foster care redesign administrator leads periodic cultural change committee meetings with Department staff in Region 3B, including caseworker supervisors and caseworkers. At those meetings, staff can discuss concerns regarding processes that they believe are not working well and other issues, such as service planning and court orders.

Intervention Plan. The Department developed an intervention plan that outlines a contract enforcement process or progressive intervention that the Department may impose if ACH does not meet contract requirements. Some forms of progressive intervention include:

- Requiring continuous quality improvement (CQI) plans of action.
- Payment of liquidated damages.
- Withholding or recouping payments to ACH.
- Suspending or terminating all or part of its contract with ACH.

Residential Child Care Licensing. The Department's Residential Child Care Licensing division¹⁵ approve licenses for providers and investigates reported allegations of abuse and neglect at foster care providers. It performs those activities for foster care providers in both the Department's legacy foster care system and in foster care redesign.

Facility Intervention Team Staffing (FITS) Meetings. The Department conducts bi-monthly FITS meetings that include Department staff from Residential Child Care Licensing, foster care redesign, and ACH staff. Those meetings include discussion of foster care provider issues, including information on serious incidents reported at foster care providers. The Department documents the outcomes of FITS meetings.

¹⁵ As of September 1, 2017, the Department and the Health and Human Services Commission each conducted a portion of Residential Child Care Licensing division activities.

ACH's Utilization Management Policy

The utilization management policy of ACH Child and Family Services (ACH) is presented below. All references to Our Community Our Kids (OCOK) in the policy are references to ACH.

Level of Care Process Utilized by Our Community Our Kids (OCOK)

Initial Level of Care:

During an initial placement search, OCOK intake staff will assign an initial Level of Care after review of the Care Match matching assessment along with the information provided by DFPS in the common application, removal affidavit, and any other available documentation.

For foster home placements, children are leveled using OCOK's three tier system; Standard (behavior that would meet the legacy criteria of Basic or Moderate), Therapeutic (behavior that would meet the legacy criteria of Specialized) and Therapeutic II (behavior that would meet the legacy criteria of Intense).

For RTC placements, children are leveled utilizing the same clinical criteria as DFPS for the four levels of the legacy system; Basic, Moderate, Specialized and Intense.

Intake utilizes our Intake decision making processes to determine when a shelter placement is needed and will be utilized. (See attached) Shelters are utilized only while a search for the appropriate placement is continuing or during a period of time when an appropriate placement has been secured but placement cannot be made until a later date for various reasons. (ie: the best match placement that has been identified is unavailable for placement for a few days.)

For children needing IPTP services, OCOK is using the same criteria as the state for this 60 day program and these decisions are made by review of the OCOK Clinical Team. During that 60 day period, these children are reviewed by Youth For Tomorrow (YFT) and they are moved into the YFT determined level at the end of the time period.

Potential Exceptional Care placements are reviewed internally by the Director of Care Management and exception requests are presented to the state as determined in our joint protocols. Exceptional Care agreements, once approved by the state placement office, are reassessed every 90 days and submitted for re-approval as needed. During this time period, YFT is continuing their normal read schedules and current level determination is reviewed and considered for exceptional care extension requests.

Level of Care following initial placement:

A child's initial placement and level of care determines the process for any subsequent level of care reviews. All specialized and intense level children placed in an RTC are reviewed by Youth For Tomorrow quarterly to provide an objective utilization review regarding level of care. YFT uses the same clinical criteria as DFPS to determine all levels of care. All moderate level children placed in an RTC are reviewed by Youth For Tomorrow annually.

For children placed in a foster home, their initial level of care at placement will determine next steps. Children placed in the Standard level of care will remain at that level unless a Level of Care review is requested by the CPA due to concerns that the child may qualify for a higher level of care. When a review is requested, YFT is used to provide the review.

Children placed in the Therapeutic I or Therapeutic II level of care with child placing agencies receive the same level of care review as the children in RTCs. They are reviewed by YFT quarterly to provide an objective clinical opinion regarding level of care using the Specialized level of care clinical criteria for

Level of Care Process Utilized by Our Community Our Kids (OCOK)

Therapeutic I and the Intense level of care clinical criteria for Therapeutic II also used by DFPS. CPAs may use the same appeals process outlined above if they disagree with the decision of YFT.

Level of Care Appeals Process:

If the Provider disagrees with a decision made by YFT on a level review, they may use the following Appeal Process.

Step 1: Request an Appeal Review from YFT. If after YFT completes the Appeal Review and the Provider continues to be dissatisfied with the decision, they may move to the second step in the Appeal Process.

Step 2: Send an Appeal Request to the Child's Care Coordinator for the OCOK Level of Care Committee to review YFT's decision. The decision of the OCOK Level of Care Committee after this review will be final.

Level of Care Waivers:

For the following occasions, a level of care waiver may be granted so that a provider may be paid at a level higher than the level authorized by Youth for Tomorrow.

If the level of a child at an RTC is lowered by YFT to Moderate, then the provider can request the OCOK Level of Care committee that they be paid the Specialized level rate until a new placement can be found for the child.

A provider can request a higher level of care from the OCOK Level of Care committee before the provider's next YFT review, if it is deemed clinically necessary and supported by documentation.

Additional Department and ACH Management Responses

The Department of Family and Protective Services (Department) provided the following additional management response to this report.

The Texas Department of Family and Protective Services (DFPS) would like to thank the hard work, diligence, patience, and dedication of the Texas State Auditor's Office (SAO) in their performance on this project. SAO staff worked diligently to learn about a complex performance based service contract and understand tremendous amounts of documentation and data within a relatively short time frame. DFPS appreciates the valuable feedback and insight provided by the SAO in helping DFPS make Foster Care Redesign (now known as Community Based Care) a stronger, better program for the children, youth, and families of the State of Texas.

ACH Child and Family Services (ACH) provided the following additional management response to this report.

As the State Auditor's Office ("SAO") is well aware, one of the pillars of community based care is to provide a safe and secure environment for children entrusted to the State during this chapter of their lives. Each child presents a unique set of circumstances and brings his or her own personal experiences that must be nourished and protected throughout their time in care. Due to the uniqueness of each child, a contract based on performance, not standardized guidelines and requirements, is vital for the success of the community based care programs in both Region 3b and across the State of Texas.

ACH is thankful and appreciative for the time, effort and resources utilized by the SAO in the preparation of this audit. This contract for community based care is a unique contract never before performed in Texas. A contract with this broad a spectrum cannot be monitored and regulated on "sampling" methods alone. This contract must be evaluated and judged based upon the performance of ACH as it relates to the outcomes of the youth in care. A performance based contract demands and requires flexibility and a focus on performance results rather than a focus on the processes that produce the results. While the contracting entity (the SSCC) must reserve the right to monitor processes when deemed necessary, a performance based approach was the spirit of the Contract Management Guide as cited by DFPS.

Copies of this report have been distributed to the following:

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The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable John Zerwas, House Appropriations Committee
The Honorable Dennis Bonnen, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Department of Family and Protective Services

Mr. Henry "Hank" Whitman Jr., Commissioner

Health and Human Services Commission

Mr. Charles Smith, Executive Commissioner

ACH Child and Family Services

Members of the Board

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