



An Audit Report on

On-Site Financial Audits of Selected Residential Foster Care Contractors

The following providers were audited for this report:

- Promise House Inc., a licensed general residential operation and emergency shelter
- EmberHope Inc., a licensed child-placing agency
- Families Especial Inc., a licensed child-placing agency
- Independence Farm Inc., a licensed general residential operation

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State Auditor

Of the four residential child care contractors (providers) audited, three providers—EmberHope, Families Especial, and Independence Farm—had financial controls in place to help maintain their operations on a sound fiscal basis for fiscal year 2021. The fourth provider, Promise House, had weaknesses in its controls over its financial processes. Of the two providers that were child-placing agencies, Families Especial conducted quarterly supervisory visits as required by the Health and Human Services Commission (Commission), while EmberHope did not consistently comply with foster parent monitoring requirements.

- [Background](#) | p. 4
- [Audit Objectives](#) | p. 34

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

HIGH

PROMISE HOUSE INC. – FISCAL PROCESSES

Promise House had weaknesses in the controls over its financial processes, including inadequate oversight. Without adequate financial processes, Promise House increases the risk that it will not operate on a sound fiscal basis.

[Chapter 1 | p. 9](#)

MEDIUM

EMBERHOPE INC. – FISCAL PROCESSES

EmberHope had effective financial controls in place to help maintain its operations on a sound fiscal basis and paid its foster parents in accordance with the appropriate rates. However, it should strengthen processes over cost report preparation.

[Chapter 2-A | p. 15](#)

MEDIUM

EMBERHOPE INC. – FOSTER PARENT MONITORING

EmberHope conducted virtual or physical visits with children in the care of its foster families. However, it did not consistently observe and document all of the information required by the Commission's *Minimum Standards for Child-Placing Agencies* for quarterly visits.

[Chapter 2-B | p. 20](#)

For more information about this audit, contact Audit Manager Willie Hicks or State Auditor Lisa Collier at 512-936-9500.

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MEDIUM**FAMILIES ESPECIAL INC. – FISCAL PROCESSES**

Families Especial had financial controls in place during its 2021 fiscal year to help maintain its operations on a sound fiscal basis and paid its foster parents appropriately. However, it should improve controls pertaining to oversight and reporting of related-party expenditures.

[Chapter 3-A | p. 24](#)

LOW**FAMILIES ESPECIAL INC. – FOSTER PARENT MONITORING**

Families Especial visited foster homes quarterly, as required by the Commission's *Minimum Standards for Child-Placing Agencies*.

[Chapter 3-B | p. 30](#)

MEDIUM**INDEPENDENCE FARM INC. – FISCAL PROCESSES**

Independence Farm had financial controls in place during its 2021 fiscal year to help maintain its operations on a sound fiscal basis; however, it should strengthen its oversight of financial processes.

[Chapter 4 | p. 31](#)

Summary of Management Response

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

Ratings Definitions

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

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

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

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

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

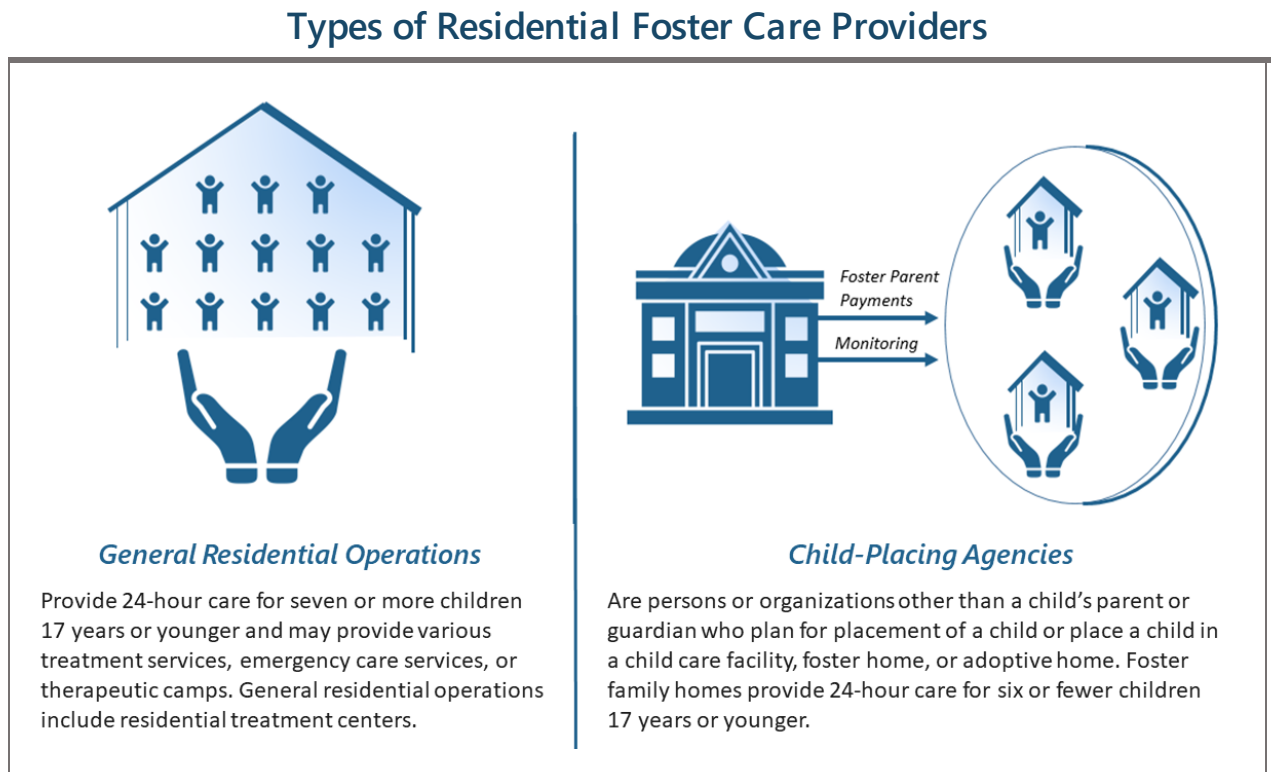
For more on methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

Background Information

Residential Foster Care Contractors

Residential foster care contractors (providers) receive funds from the Department of Family and Protective Services (Department) for delivering goods and services—such as therapy, food, shelter, and clothing—that promote the mental and physical well-being of children placed in their care. Providers deliver those goods and services through contracts with the Department, and they are required to report their expenditures on annual cost reports. This audit included two types of providers with which the Department contracts: general residential operations and child-placing agencies (see Figure 1). In fiscal year 2021, the Department contracted with 268 of these providers (see Figure 2 on the next page).

Figure 1



Source: The Department.

Figure 2

Department Residential Foster Care Contract Information for Fiscal Year 2021

Category	Amount
Number of Department contracts with general residential operations and child-placing agencies	268
Number of children in foster care	29,928
Department funding for foster care contract payments	\$551 million

Source: The Department.

Audit Requirements

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 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.



Minimum Standards for Fiscal Requirements

Fiscal Requirements for General Residential Operations. Title 26, Texas Administrative Code, Section 748.161, requires providers to establish and maintain their operation on a sound fiscal basis, including: (1) paying employees in a timely manner and (2) making sure that the children’s needs are being met. It also requires providers to maintain complete financial records.

Fiscal Requirements for Child-Placing Agencies. Title 26, Texas Administrative Code, Section 749.161, requires providers to establish and maintain their operations on a sound fiscal basis, including: (1) paying employees in a timely manner; (2) paying foster parents in compliance with the provider’s agreement with the parents; and (3) making sure the needs of children in the provider’s care are being met. It also requires providers to maintain complete financial

records and make available for review (1) an annual review of financial records or (2) proof of reserve funds equal to at least three months of operating expenses.



Cost Report Requirements

The Commission uses the information in providers' cost reports to (1) help determine foster care reimbursement rates for the providers and (2) request reimbursement of some direct service and administration costs from the U.S. Department of Health and Human Services under Title IV-E programs. The following cost report requirements were considered for purposes of the audit:

Accurate Cost Reporting. Title 1, Texas Administrative Code, Section 355.102(c), states that providers are responsible for accurate cost reporting and for including in cost reports all costs incurred, based on an accrual method of accounting, that are reasonable and necessary.

Reporting Related-Party Transactions. Title 1, Texas Administrative Code, Section 355.102(i)(6), requires providers to disclose all related-party transactions on the cost report for all costs that providers report, including related-party transactions occurring at any level in the provider's organization. Providers must make available, upon request, adequate documentation to support the costs incurred by the related party.

Regarding compensation of owners and related parties, Title 1, Texas Administrative Code, Section 355.105(b)(2)(B)(xi), requires providers to maintain, at minimum, a detailed written description of actual duties, functions, and responsibilities; documentation substantiating that the services performed are not duplicative of services performed by other employees; time sheets or other documentation verifying the hours and days worked; the amount of total compensation paid for these duties, with a breakdown detailing regular salary, overtime, bonuses, benefits, and other payments; documentation of regular, periodic payments and/or accruals of the compensation; documentation that the compensation is subject to payroll or self-employment taxes; and a detailed worksheet indicating how the total compensation was allocated across business components receiving the benefit of these duties.

Regarding bonuses paid to related parties, Title 1, Texas Administrative Code, Section 355.105(b)(2)(B)(xi)(I), requires the provider to maintain clearly defined

bonus policies in its written agreements with employees or in its overall employment policy to include the basis for distributing the bonuses.

For bonuses to owners and/or related parties to be allowable, Title 1, Texas Administrative Code, Section 355.103(b)(1)(A)(i), requires, among other things, that bonuses must be clearly defined in a written agreement or employment policy, must not be made only to related parties, and must be made available to all employees of the same classification type, unless the employee classification type predominately consists of related parties, in which case the bonuses are unallowable costs.

Classification of Allowable Costs. Title 1, Texas Administrative Code, Section 355.102(a), states that allowable costs, both direct and indirect, are expenses that are reasonable and necessary to provide contracted client care and are consistent with federal and state laws and regulations. An unallowable classification does not mean that the providers may not make the expenditure; it means that the expense should not be used to determine reimbursement.

Reporting Unsupported Expenses. Title 1, Texas Administrative Code, Chapter 355.102(b), states that costs may not be entered and reported on the cost report when no costs were actually incurred or when documentation for costs does not exist, even if those costs were actually incurred during the reporting period.

Financial Record Requirements for Cost Reports. Title 1, Texas Administrative Code, Section 355.105(b)(2)(A), requires providers to ensure that all records pertinent to services rendered under their contracts with the Department are accurate and sufficiently detailed to support the financial and statistical information contained in their cost reports.

Additionally, the Commission's *2021 Cost Report Instructions for 24 Hour Residential Child Care Program (24RCC)* list in detail the records that providers must retain to demonstrate the necessity, reasonableness, and relationship of the costs to provider care, such as all accounting ledgers, journals, invoices, purchase orders, vouchers, canceled checks, timecards, payrolls, mileage logs, loan documents, asset records, inventory records, minutes of board of directors meetings, work papers used in the preparation of a cost report, trial balances, and cost allocation spreadsheets.



Monitoring Visit Requirements for Child-Placing Agencies

Title 26, Texas Administrative Code, Section 749.2815, requires child-placement staff to 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. It also requires that at least two supervisory visits be unannounced. At least once every quarter, the supervisory visit must evaluate and document the following:

- Any change to household members, frequent visitors, or persons who will provide support as a caregiver during an unexpected event or crisis situation;
- Any major life change in the foster family as described in Title 26, Texas Administrative Code, Section 749.2805 (relating to *What is a "major life change in the foster family"?*);
- Any change to the foster home disaster and emergency plans as described in Title 26, Texas Administrative Code, Section 749.2907 (relating to *What disaster and emergency plans must each foster home have?*); and
- Any challenging behaviors of the current children in the home, the level of stress the foster family is currently experiencing (including any significant change in finances), and any methods for responding to each child's challenging behavior and/or alleviating any significant stress the foster family is experiencing.

Child-placing agencies must document each visit in the home's record. The documentation must include the names of all household members present during the visit, specific issues identified and any rules evaluated, results of the evaluation, deficiencies found, plans for achieving compliance, plans for follow-up to ensure that compliance was achieved, and any changes to the information in the foster home screening since the last supervisory visit, including the reasons for any change in the home's verification.

Documentation of the visit must be signed by each foster parent present for the visit and the child-placement staff conducting the visit.



HIGH

Chapter 1 Promise House Inc. – Fiscal Processes

Promise House Inc., a licensed general residential operation and emergency shelter, had weaknesses in the controls over its financial processes, including inadequate oversight resulting in a lack of supporting documentation for financial and personnel records, insufficient review and approval of expenditures, and weaknesses in its fiscal year 2021 cost reporting process. Without adequate financial processes, Promise House increases the risk that it will not operate on a sound fiscal basis. The weaknesses identified contributed to errors found in Promise House’s fiscal year 2021 general ledger and cost reports. (See Background Information for details about [the fiscal requirements for a general residential operation](#) and [cost report requirements](#).)



Fiscal Year 2021 Summary ^a



General residential operation permit issued in 1998

A nonprofit organization located in Dallas, Texas

41 employees

Number of children served:

Emergency Care:



46

Temporary Emergency Placement:



116

Total revenue received from the Department for child-placement agency services:

**Emergency Care:
\$178,829**

**Temporary Emergency Placement:
\$1,129,439**

Total expenditures reported on cost reports:

**Emergency Care:
\$831,070**

**Temporary Emergency Placement:
\$1,154,051**

^a From September 1, 2020, to August 31, 2021

Sources: Promise House, Department of Family and Protective Services, Internal Revenue Service

Promise House had weaknesses in controls over its financial processes and should strengthen its oversight to ensure that it operates on a sound fiscal basis.

Financial Records. Promise House did not maintain adequate supporting documentation for individual transactions as required by the Health and Human Services Commission's (Commission) cost report requirements and the provider's policies and procedures. Specifically:

- **Non-payroll expenditures.** Of 65 non-payroll expenditures tested, 24 (37 percent) did not have adequate supporting documentation to support the accuracy of payments recorded in its general ledger. While some documentation was maintained, such as credit card statements, Promise House did not have detailed information regarding the item(s) purchased, such as the required purchase request form, and whether the purchase was a business expense. As a result, auditors could not determine if 8 of those transactions were reported in the appropriate year, or if 12 of the expenditures were accurately recorded in the general ledger.
- **Payroll expenditures.** Promise House did not have documentation to support the accuracy and appropriateness of 13 (20 percent) of 64 payroll expenditures recorded in its general ledger. These expenditures were unsupported payments for wages and bonuses that included wages paid at double the hourly pay rate, wages paid for work hours that did not match employee timesheets, and gift cards paid as direct deposits. Promise House also did not have documentation to support the employee pay rate for 37 (76 percent) of the 49 applicable payroll expenditures tested.

Personnel Records. The personnel records for 32 (67 percent) of 48 employees associated with the payroll expenditures tested did not contain all of the information required by the Commission's *Minimum Standards for General Residential Operations (Minimum Standards)*, which are listed in Title 26, Texas Administrative Code, Chapter 748. For example, (1) 27 files did not have copies of current employees' driver licenses, (2) 6 files did not have documentation showing that the employees met minimum qualifications for their positions, and (3) 2 files did not have statements signed by employees that acknowledge the requirement for reporting abuse and neglect.

Review and Approval Processes. Promise House did not consistently review and approve expenditures and bank reconciliations in accordance with its policies and procedures that help to ensure its financial records are accurate and expenditures incurred are appropriate. Specifically:

- **Non-payroll expenditures.** Of 65 non-payroll expenditures tested, 18 (28 percent) did not follow Promise House’s review and approval process for purchases. The purchases identified either (1) did not have the required purchase request form, (2) did not have the required documented approvals on the form, or (3) were requested and approved by the same individual.
- **Payroll expenditures.** Of 64 timesheets tested, 44 (69 percent) did not receive the required approvals by either the supervisor, the employee, or both.

Bank Reconciliations. All nine monthly bank reconciliations tested were adequately performed by the chief financial officer, but they were not reviewed and approved by Promise House’s president as required by its policies and procedures.

Information Technology Controls. While the majority of user accounts with access to Promise House’s information systems were appropriate, certain active user accounts at Promise House had inappropriate access to the information systems that manage accounting and financial data. Additionally, Promise House did not have adequate processes to routinely back up its financial data. Having inadequate controls over information systems increases the risk that financial information could be altered or lost.

The weaknesses in Promise House's controls over its financial processes also caused it to report errors in its fiscal year 2021 cost reports¹.

Reporting Costs. Auditors tested a sample of 65 non-payroll expenditures totaling \$42,777², 64 payroll expenditures totaling \$89,502³, and 10 expenditure line items from its cost reports totaling \$244,005⁴. The expenditures tested were not always allowable, accurately reported, or classified appropriately. Specifically:

- **Unallowable expenditures.** Promise House reported \$23,158 in expenditures that were unallowable on its fiscal year 2021 cost reports. This included the unsupported expenditures for non-payroll and payroll discussed above, along with expenditures that did not have support required for Commission cost reports.
- **Inaccurate line items.** Three (43 percent) of 7 cost report lines tested on Promise House's general residential operation cost report were reported inaccurately. Promise House did not carry forward cost allocations for central office expenses, which resulted in underreporting two line items by \$4,799. Additionally, Promise House included \$5,713 in emergency-shelter-related expenses on the general residential operation cost report.
- **Misclassified expenditures.** Promise House misclassified \$9,157 in allowable expenses on its general residential operation cost report. The misclassified expenditures did not change the total amount of allowable and supported expenditures that Promise House reported; however, misclassifications could cause misrepresentation of amounts for reimbursement from the U.S. Department of Health and Human

¹ Promise House submitted two cost reports for fiscal year 2021—one for its general residential operation license and one for its emergency shelter license.

² The sample of non-payroll transactions tested was based on a population of 870 transactions totaling \$416,390 recorded in Promise House's fiscal year 2021 general ledger.

³ The sample of payroll transactions tested was based on a population of 2,650 transactions totaling \$3,996,255 recorded for fiscal year 2021 in Promise House's payroll system.

⁴ The sample included seven line items from the general residential operations cost report and three line items from the emergency shelter cost report. The line items selected included (1) line items with large dollar amounts, (2) line items that may contain unallowable expenses, and (3) line items allocated between contracts.

Services under Title IV-E programs. (See Background Information for more details about [reimbursement rates](#).)

- **Inadequate crosswalk.** Promise House created crosswalk reconciliation worksheets (crosswalk) that did not have sufficient detail to trace expenditures from its general ledger to its cost reports. The Commission's *2021 Cost Report Instructions for 24 Hour Residential Child Care (24RCC)* require that a crosswalk between the accounting records and the cost report be created to properly complete the cost report. The crosswalk assists the Commission in testing support for cost reports and would assist Promise House in verifying that the cost report is complete and accurate before submitting it.

Cost Report Review Process. Promise House did not have a review process to verify that it followed the Commission's cost report instructions. A process for review and approval of the cost report by a person who did not prepare it would help ensure the report's accuracy and minimize the risk of providing the Commission with incorrect financial information. Accurate cost reports are important because the Commission uses that information to help determine reimbursement rates for foster care providers.

Recommendations

Promise House should:

- Maintain complete and accurate supporting documentation that supports all financial transactions.
- Retain required documentation in employee personnel files.
- Perform adequate oversight over its financial processes, including following its review and approval procedures, and review of the cost report for accuracy and completeness.
- Perform periodic reviews of user accounts to verify each user's business need for access to information systems.
- Perform timely backups of financial data.
- Prepare its cost report in accordance with all requirements.

Management's Response

Promise House agrees with the following recommendation:

- Promise House will agree to Maintain complete and accurate supporting Documentation that supports all financial transactions.
- Promise House agrees to retain required documentation in employee personnel files.
- Promise House agrees to perform adequate oversight over its financial processes, including following its review and approval procedures, and review of the cost report for accuracy and completeness.
- Promise House agrees to perform periodic reviews to user accounts to verify each user's business need for access to information systems.
- Promise House agrees to perform timely backups of financial data.
- Promise House agrees to prepare its cost report in accordance with all requirements.

Management's Response:

Promise House agrees with the recommendations stated in the auditor's report. Promise House Executive Management team along with Directors and Vice President of Human Resources have and will begin implementing the recommended changes.

1. The Promise House Board of Directors reinstated the Audit Committee and have begun recruiting members of the Board of Directors and non-board representatives to serve on the audit committee. Effective 08-01-2022.
2. Effective Immediately; Promise House has retained an outside accounting firm to manage its day-today accounting functions. Effective 08-01-2022
3. Effectively immediately Promise House agrees to perform regular personnel file audits. Effective 10-20-2022.

MEDIUM


Chapter 2-A EmberHope Inc. – Fiscal Processes

EmberHope Inc., a licensed child-placing agency, had effective financial controls in place during its 2021 fiscal year to help maintain its operations on a sound fiscal basis. Additionally, EmberHope paid its foster parents in accordance with rates set by the Department of Family and Protective Services (Department). However, it should strengthen processes over cost report preparation. (See Background Information for details about the [fiscal requirements for a child-placing agency](#) and [cost report requirements](#).)

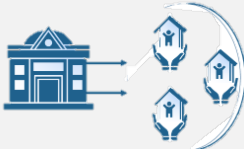
EmberHope had adequate controls over its financial processes.

EmberHope’s financial controls included:

- Obtaining an annual review of its financial records by an independent certified public accountant.
- Preparing monthly bank reconciliations.
- Creating an annual budget and discussing its financial position with the governing board during the year.




Fiscal Year 2021 Summary ^a



Child-placing agency permit issued 2015

A non-profit organization located in San Antonio, Texas; corporate headquarters located in Newton, Kansas

109 employees (Texas and Kansas total)



21 children served

Total revenue received from the Department for child-placement agency services:	\$365,867
Total expenditures reported on cost reports:	\$1,114,232

^a From July 1, 2020, to June 31, 2021

Sources: EmberHope, Department of Family and Protective Services, Internal Revenue Service

- Maintaining adequate controls over information technology, including appropriate user access, current antivirus protocols, and secure data backups.
- Documenting policies and procedures for financial management and those that meet the Health and Human Services Commission's (Commission) *Minimum Standards for Child-Placing Agencies (Minimum Standards)*, which are listed in Title 26, Texas Administrative Code, Chapter 749, in the areas of record-keeping, personnel, and conflict of interest.
- Reviewing and approving all 19 employee timesheets tested and most applicable non-payroll transactions tested.

EmberHope had appropriate supporting documentation and accurately recorded transactions in its general ledger for 25 (83 percent) of the 30 non-payroll expenditures tested⁵, totaling \$32,823, and all 19 payroll expenditures tested, totaling \$27,510⁶. In addition, it maintained the majority of information required by the Commission's *Minimum Standards* in its personnel files for the 10 employees associated with the payroll expenditures tested.

EmberHope should strengthen its cost reporting preparation process to ensure that it follows all cost reporting requirements.

Reporting Costs. EmberHope did not consistently comply with certain cost reporting requirements on its fiscal year 2021 cost report. EmberHope should strengthen controls over the preparation of the cost report to ensure compliance with all Commission cost reporting requirements.

Auditors tested 6 line items⁷ totaling \$345,040 on the fiscal year 2021 cost report, which contained the following errors:

⁵ The sample of non-payroll transactions tested was based on a population of 552 transactions totaling \$341,108 recorded in EmberHope's fiscal year 2021 general ledger.

⁶ The sample of payroll transactions tested was based on a population of 155 transactions totaling \$226,591 recorded for fiscal year 2021 in EmberHope's payroll system.

⁷ The sample of cost report expenditure line items was chosen to ensure that the items tested included (1) line items with large dollar amounts, (2) line items that may contain unallowable expenses, and (3) line items allocated between contracts.

- **Unallowable Expenditures.** EmberHope reported \$39,521 in bad debt expenses on its cost report that were unallowable for the cost report due to the nature of the expense. (See Background Information for more details about [unallowable expenditures](#).)
- **Inappropriate Cost Allocation.** EmberHope used a revenue-based cost allocation to calculate central office costs. Because the determination of reimbursement is based on cost data, allocation methods based upon revenue streams are inappropriate and unallowable. The unallowable allocation impacted 5 (83 percent) of the 6 cost report line items tested.
- **Misclassified Expenditures.** EmberHope also misclassified certain non-contract expenses and credits to calculate the line item *Fees Contracted Administrative, Professional, Consulting and Training Service*, causing the line item to be underreported by \$9,318. The misclassified expenditures did not change the total amount of allowable and supported expenditures that EmberHope reported; however, misclassifications could cause misrepresentation of amounts for reimbursement from the U.S. Department of Health and Human Services under Title IV-E programs

Cost Report Review Process. EmberHope did not have a review process to verify that it followed cost report instructions. A process for review and approval of the cost report by a person who did not prepare it would help ensure the report's accuracy and minimize the risk that it could provide the Commission with incorrect financial information. Accurate cost reports are important because the Commission uses that information to help determine reimbursement rates for foster care providers.

EmberHope appropriately paid foster parents.

EmberHope correctly recorded payments to foster parents in its general ledger and ensured that its foster families were verified before paying them. For 21 (95 percent) of 22 foster parent payments tested⁸, totaling \$40,018, EmberHope paid the correct amount based on its fee policy. Additionally, for all

⁸ The sample of foster parent payments identified was based on a population of 217 foster care payments from the Department to EmberHope for fiscal year 2021. Auditors tested each payment provided to the foster parents to ensure accurate payment based on level of care and days of service. (See the Fiscal Year 2021 Summary on EmberHope above for more information on total revenue received from the Department.)

22 payments tested EmberHope paid at least the minimum contractual rate set by the Department for each child's level of care and days of service. (See [Appendix 2](#) for information on the daily rate paid to foster families per child).

Recommendations

EmberHope should:

- Prepare its cost report in accordance with all requirements.
- Implement a process to review the cost report for accuracy and completeness after it is prepared.

Management's Response

Finding – Reporting Costs

EmberHope did not consistently comply with certain cost reporting requirements on its fiscal year 2021 cost report.

Management Response

Management agrees with this finding and the recommendations as provided by the SAO. Moving forward, cost report preparation will be completed in conjunction with Texas mandated cost report training. Cost report will also be reviewed against state issued cost report instructions to ensure proper allocation methodologies, cost allocations, and allowable costs are reported appropriately.

Finding – Cost Report Review Process

EmberHope did not have a review process to verify that it followed cost report instructions.

Management Response

Management agrees with this finding and the recommendation as provided by the SAO. Moving forward, cost report preparation will be completed in conjunction with Texas mandated cost report training.

The VP of Finance and Controller will both go through the cost report training to ensure that a second person who did not prepare the cost report is able to review the report for accuracy and minimize the risk of reporting inaccurate information.

MEDIUM

Chapter 2-B

EmberHope Inc. – Foster Parent Monitoring

EmberHope conducted virtual or physical visits with children in the care of its foster families. However, it did not consistently observe and document all of the information required for quarterly foster parent monitoring by the Commission's *Minimum Standards*. EmberHope should strengthen controls to ensure that it conducts monitoring visits in accordance with all requirements. (See Background Information for more details about the [monitoring visit requirements for child-placing agencies](#).)

EmberHope did not consistently comply with foster home monitoring requirements.

EmberHope conducted visits with the foster children in the foster homes tested through virtual or in-person visits that included reviewing and documenting observations on the well-being of the children and any follow-up actions needed. However, those visits did not include all items required to be observed and documented in the quarterly monitoring visits. EmberHope should strengthen its review process to ensure all quarterly monitoring visits are conducted and adequately documented in accordance with the Commission's *Minimum Standards*. Specifically, EmberHope either had no evidence or had insufficient evidence to verify that it conducted:

- All required quarterly visits for 5 (71 percent) of 7 foster homes tested⁹.
- Monitoring visits every six months with both foster parents present for the 3 applicable foster homes tested.
- Visits with all household members present at least once a year for 5 (83 percent) of 6 applicable foster homes tested.

⁹ The 7 foster homes were selected from 12 foster homes that had children in their care during EmberHope's 2021 fiscal year.

- At least two unannounced monitoring visits for 2 (40 percent) of 5 applicable foster homes tested.

In addition, EmberHope's documentation of monitoring visits performed was not always accurate. EmberHope uses a quarterly evaluation form to document all required information about its monitoring visits; however, 3 (18 percent) of the 17 quarterly evaluations¹⁰ tested included contradictory information. For example, one quarterly evaluation indicated that both foster parents were present at the visit but only mentioned one foster parent in the notes, and only one foster parent signed the evaluation. Additionally, one quarterly evaluation included the exact same information as the previous and subsequent visit. These issues with documentation prevented auditors from verifying whether monitoring visits were conducted each quarter as required by the Commission's *Minimum Standards*.

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 the results of all its monitoring visits weakens EmberHope's ability to identify and monitor areas in which foster parents may need additional resources to meet the needs of the children in their care.

Recommendations

EmberHope should:

- Conduct and document its monitoring visits in compliance with the Commission's *Minimum Standards*.
- Implement a process to review the accuracy and completeness of quarterly evaluation forms after each monitoring visit.

¹⁰ EmberHope provided 17 quarterly evaluations for the 7 foster families tested.

Management's Response

Finding – Monitoring Visits

EmberHope did not consistently comply with foster home monitoring requirements.

Management Response

EmberHope Inc. Texas services has experienced a change in leadership specifically the director position as of Sept 2021 post the period in review. This has allowed for an assessment and evaluation of programming which includes making program adjustments as needed. The following has been and/or will be initiated and implemented to ensure ongoing monitoring of homes and compliance with Minimum Standards.

As of July 2022, the program added a quality improvement coordinator position that focuses on reviewing the foster family quarterly evaluations ensuring timely completion and accuracy of information. The quality improvement coordinator completes internal quarterly foster home file reviews looking for compliance with standards including the home monitoring process.

The quarterly evaluation monitoring form has been added to the Company's electronic client record. This will allow for systematic alerts to go to the assigned case manager notifying them the quarterly evaluation is due.

EmberHope Inc. will begin adding standard requirements of the quarterly evaluation to the monthly family visit process, going above and beyond to monitor and capture the required information. EmberHope Inc's internal checks and balances will include multiple positions monitoring the foster home for compliance. As part of the checks and balances process, the case manager will complete a monthly home monitoring checklist that includes the quarterly evaluation requirements. Additionally, the home developer will complete in-person quarterly visits. The quality improvement coordinator will audit records ensuring standards are met. The quality improvement coordinator will advise and staff with the LCPAA for any noted deficiencies and program

opportunities for improvement. If necessary, corrective action plans will be completed, implemented, and monitored.

Families are also provided a copy of the quarterly evaluation to review for accuracy and indicate agreement by signature.

It is worth noting, while the quarterly evaluations for the foster home were identified as noncompliant, all children in our foster homes were being seen according to the child's level of care. This timeframe was also during Covid which allowed for waived home visits for a defined period. This timeframe was extended for Primary Medical Needs children and may have been a contributing factor to the lack of compliance for this specific timeframe.

MEDIUM


Chapter 3-A Families Especial Inc. – Fiscal Processes

Families Especial Inc., a licensed child-placing agency, had financial controls in place during its 2021 fiscal year to help maintain its operations on a sound fiscal basis. However, it should improve oversight controls and reporting of related-party expenditures. (See Background Information for details about the [fiscal requirements for a child-placing agency](#) and [cost report requirements](#).)


Families Especial had controls over its financial processes; however, it should strengthen its oversight.

Families Especial’s financial controls included:

- Obtaining an annual review of its financial records by an independent certified public accountant.
- Preparing monthly bank reconciliations.
- Creating an annual budget and discussing its financial position with the governing board during the year.
- Maintaining adequate controls over information technology, including appropriate user access, current antivirus protocols, and secure backups.




Fiscal Year 2021 Summary ^a



Child-placing agency permit issued 2006

A non-profit organization located in Boerne, Texas, with a branch facility in Brownsville, Texas

11 employees



102 children served

Total revenue received from the Department for child-placement agency services:	\$964,981
Total expenditures reported on cost reports:	\$1,536,649

^a From September 1, 2020, to August 31, 2021

Sources: Families Especial, Department of Family and Protective Services, Internal Revenue Service

- Reviewing and approving employee timesheets.

In addition, Family Especial maintained the majority of information required by the Health and Human Services Commission's (Commission) *Minimum Standards for Child-Placing Agencies (Minimum Standards)*, which are listed in Title 26, Texas Administrative Code, Chapter 749, in its personnel files for the 10 employees associated with the payroll expenditures tested.

While Families Especial had certain financial controls in place, it should strengthen its fiscal processes, including the following:

- **Conflicts of interest within the governing body.** Two of the three members of Families Especial's governing board during fiscal year 2021 were immediate family members, and each served in management positions during the year. While Families Especial adopted a conflict-of-interest policy, the policy did not include certain requirements specified by the Commission. Specifically, the Commission's *Minimum Standards* require providers to have a conflict-of-interest policy stating that the majority of the voting members of the governing board must consist of persons who do not have a conflict of interest that would potentially interfere with objective decision-making.
- **Segregation of duties.** Families Especial did not have adequate segregation of duties for its financial processes. Specifically, one person processes its financial transactions and records those transactions in its general ledger, performs the bank reconciliations, and processes and records its day-to-day expenses and payroll. That person is the only one with access to Families Especial's accounting and payroll systems. Inadequate segregation of duties increases the risk of fraud and abuse and decreases Families Especial's ability to identify and correct errors.
- **Lack of financial policies and procedures.** While Families Especial had documented policies and procedures in place that met the Commission's *Minimum Standards* in the areas of record-keeping, personnel, and information technology, it did not have documented policies and procedures for its financial processes. Written policies and procedures are important to help Families Especial comply with standards and maintain consistency in the performance of key processes by assisting employees in understanding those processes and holding the employees accountable for following them.

Families Especial appropriately reported the majority of the expenses tested on its cost report; however, it should strengthen its reporting of related-party expenses.

Reporting Costs. The majority of expenditures tested in Families Especial’s cost report for fiscal year 2021 reconciled to its general ledger and were allowable, supported, and accurately recorded in accordance with cost report requirements. Auditors tested 30 non-payroll expenditures totaling \$27,457¹¹, 31 payroll expenditures totaling \$79,902¹², and 7 line items on the cost report totaling \$361,850¹³.

Related-Party Costs. Auditors also tested all related-party transactions identified, totaling \$150,347, and determined that \$19,167 in related-party expenditures—a bonus and retainer fees—were unallowable because the supporting documentation for those costs did not adequately meet the Commission’s cost report requirements (see Background Information for the [cost report requirements](#) regarding allowable costs and related-party requirements).

In addition, auditors identified \$1,160 in payments for legal services provided by a board member that were included on the cost report as non-related-party professional fees. Those payments should have been disclosed as a related-party expense.

Families Especial appropriately paid foster parents.

Families Especial correctly recorded payments to foster parents in its general ledger and ensured that its foster families were verified before paying them.

¹¹ The sample of non-payroll transactions tested was based on a population of 681 expenses and credits totaling \$273,296 recorded in Families Especial’s fiscal year 2021 general ledger.

¹² The sample of payroll transactions tested was based on a population of 240 expenses and credits totaling \$464,487 recorded for fiscal year 2021 in Families Especial’s general ledger.

¹³ The sample of cost report expenditure line items was chosen to ensure that the items tested included (1) line items with large dollar amounts, (2) line items that may contain unallowable expenses, and (3) line items allocated between Families Especial’s adoption and residential foster care contracts.

For all 25 foster parent payments tested¹⁴, totaling \$26,812, Families Especial paid the correct amount based on its fee policy. Additionally, for all foster parent payments tested, Families Especial paid at least the minimum contractual rate set by the Department for each child's level of care and days of service. (See [Appendix 2](#) for information on the daily rate per child paid to foster families.)

Recommendations

Families Especial should:

- Update its conflict of interest policies and procedures for its governing board to comply with the Commission's *Minimum Standards for Child-Placing Agencies* and ensure that the board does not have a voting majority with a conflict of interest.
- Implement segregation of duties for its financial processes.
- Develop and implement written policies and procedures for its financial processes.
- Ensure that all related-party expenses are reported on the cost report, properly supported, and disclosed in accordance with Commission cost reporting requirements.

Management's Response

Listed below are our responses to the State Auditor recommendations:

Families Especial, Inc. understands that there is a concern with its Conflict-of-Interest Policy and hereby agrees to strengthen said Policy to alleviate the concerns.

Families Especial, Inc. will strengthen its Conflict-of-Interest Policy by ensuring majority of the voting members of the governing board will

¹⁴ The sample of foster parent payments identified was based on a population of 558 foster care payments from the Department to Families Especial for fiscal year 2021. Auditors tested each payment provided to the foster parents to ensure accuracy based on level of care and days of service. (See the Fiscal Year 2021 Summary on Families Especial above for more information on total revenue received from the Department.)

consist of persons who do not have a conflict of interest that would potentially interfere with objective decision-making.

Families Especial Board will make diligent attempt(s) to add two new Board Members by the end of April 2023.

Families Especial, Inc understands that there is also a concern that it may not presently have adequate segregation of duty controls over its financial processes.

Families Especial, Inc. Administrator will review financial transaction entered in by the Operations Director to ensure accurate financial transactions are being made to the general ledger. The Administrator will review monthly bank reconciliations, the day-to-day expenditures, payroll timesheets and payroll reports for accuracy.

The Operations Director will begin having scheduled reviews by the Administrator of financial transactions. The Operations Director will add the Administrator as a user to the QuickBooks accounting system.

Families Especial, Inc. understands there is a concern about compensation of owners and related parties and agrees that it will develop comprehensive Employee Agreements.

Families Especial, Inc will develop an Employee Agreement for full-time employee's which will identify their job description of actual duties, functions, and responsibilities. The Agreement will outline procedures for employees to receive their compensations and that all compensations will be subject to payroll taxes. The Agreement will include the statement that all full-time employees are provided the noted outlined benefits.

Families Especial, Inc. will develop a Part-time Employee Agreement that identifies their job description of actual duties, functions, and responsibilities. The Agreement will outline procedures to receive compensations and that all compensation will be subject to payroll taxes. The Agreement will include the statement that all part-time employees are provided the noted outline benefits.

The Operations Director will be responsible for developing Employee Agreements by April 2023

Families Especial, Inc. understands that there was an issue with adequately reporting related-party expenses on the Cost Report.

Families Especial, Inc. will ensure all related-party expenses are reported on future Cost Reports and adequate documentation will be provided and

supported for expenses to be entered in as an allowable expense on the Cost report.

The Operations Director will be responsible for ensuring all related-parted expenses are provided for the next due Cost Report.

LOW

Chapter 3-B Families Especial Inc. – Foster Parent Monitoring

Families Especial implemented controls to ensure that it conducted quarterly monitoring visits of foster homes, complying with the Commission’s *Minimum Standards*. (See Background Information for details on the [monitoring visit requirements for child-placing agencies](#).)

Families Especial complied with foster home monitoring requirements.

Families Especial conducted all monitoring visits as specified in the Commission’s *Minimum Standards* for child-placing agencies. Specifically, as applicable, for all nine foster homes tested¹⁵, Families Especial had documentation to show that it:

- Conducted all quarterly supervisory visits.
- Conducted a visit with both foster parents present every six months.
- Conducted a visit with all household members at least once per year.
- Conducted at least two unannounced visits.
- Obtained signatures of all foster parents present during the visit.

Additionally, Families Especial generally documented its monitoring visits in accordance with the Commission’s *Minimum Standards*. The documentation of the monitoring visits included required information such as dates of visits and assessments of the foster families’ well-being, including any challenging behaviors of the children placed in the home and the level of stress the foster family may be experiencing. Families Especial reviewed the documentation to ensure that each monitoring visit was adequately documented.

¹⁵ The 9 foster homes were selected from Families Especial’s 30 foster families that had children in their care during the 2021 fiscal year.

MEDIUM

Chapter 4 Independence Farm Inc. – Fiscal Processes

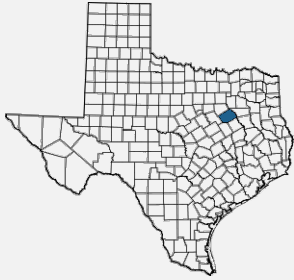
Independence Farm, a licensed general residential operation, had financial controls in place during its 2021 fiscal year to help maintain its operations on a sound fiscal basis; however, it should strengthen its oversight. (See Background Information for more details about the [fiscal requirements for a general residential operation.](#))

Independence Farm had adequate controls over its financial processes; however, it should strengthen its oversight.

Independence Farm’s financial controls included:

- Obtaining an annual review of its financial records by an independent certified public accountant.
- Preparing monthly bank reconciliations.
- Maintaining adequate controls over information technology, including appropriate user access, current antivirus protocols, and secure backups.
- Reviewing and approving employee timesheets.

In addition, Independence Farm maintained the majority of information required by the Health and Human Services Commission’s (Commission) *Minimum Standards for General Residential Operations (Minimum Standards)*,



Fiscal Year 2021 Summary ^a



General residential operation permit issued in 1989

A non-profit organization, located in Corsicana, Texas

9 employees



10 children served

<i>Total revenue received from the Department for general residential operation services:</i>	\$476,991
<i>Total expenditures reported on cost reports:</i>	\$430,339

^a From January 1, 2021, to December 31, 2021

Sources: Independence Farm, Department of Family and Protective Services, Internal Revenue Service

which are listed in Title 26, Texas Administrative Code, Chapter 748, in its personnel files for the six employees associated with the payroll expenditures tested.

However, Independence Farm should address the following weaknesses in its processes to establish adequate oversight:

- **Segregation of Duties.** Independence Farm did not have adequate segregation of duties for its financial processes. Specifically, one person processes Independence Farm's financial transactions, records those transactions in the general ledger, performs the bank reconciliations, and processes and records its day-to-day expenses and payroll. The same person is the only one with access to Independence Farm's accounting system. Inadequate segregation of duties increases the risk of fraud and abuse and decreases Independence Farm's ability to identify and correct errors.
- **Budget.** Independence Farm did not create a budget for fiscal year 2021 as required by the Commission's *Minimum Standards*. A budget can help ensure that Independence Farm has sufficient funds on hand to cover anticipated expenses, which assists in maintaining operations on a sound fiscal basis.
- **Policies and Procedures.** Independence Farm did not have documented policies and procedures for the majority of financial processes. Written policies and procedures are important to help Independence Farm comply with the Commission's *Minimum Standards* and maintain consistency in the performance of key processes by assisting employees in understanding those processes and holding the employees accountable for following them. Independence Farm also did not have documented administrative policies that meet the Commission's *Minimum Standards* in the areas of record-keeping, personnel, and information technology.

Independence Farm appropriately reported expenses on its cost report.

Reporting Costs. The expenditures tested in Independence Farm's cost report for fiscal year 2021 reconciled to its general ledger. The majority of the tested expenditures were allowable, supported, and accurately recorded in

accordance with cost report requirements. Auditors tested 29 non-payroll expenditures totaling \$27,868¹⁶, 11 payroll expenditures totaling \$23,282¹⁷, and 7 line items on the cost report totaling \$334,542¹⁸.

Recommendations

Independence Farm should:

- Develop and implement written policies and procedures for its financial processes and administrative processes.
- Implement segregation of duties for its financial processes.

Management's Response

Independence Farm agrees with the recommendations and will implement the following.

- **Policies & Procedures:** Policies and Procedures to cover financial and administrative processes will be written by Susan Miller, Adm., and presented to the Board of Directors in December, 2022. Once approved, these new policies will be implemented January 1, 2023.
- **Segregation of duties:** Susan Miller, Adm., will cross train a current employee to assist with the financial processes. This will be completed and implemented by January 1, 2023.
- **Budget:** A budget for 2023 will be developed by Susan Miller, Adm., and presented to the Board of Directors for approval in their annual meeting in December, 2022.

¹⁶ The sample of non-payroll transactions tested was based on a population of 258 transactions totaling \$158,305 recorded in Independence Farm's fiscal year 2021 general ledger.

¹⁷ The sample of payroll transactions tested was based on a population of 105 transactions totaling \$205,844 recorded in Independence Farm's fiscal year 2021 general ledger.

¹⁸ The sample of cost report expenditure line items was chosen to ensure the items tested included (1) line items with large dollar amounts and (2) line items that may contain unallowable expenses.



Appendix 1

Objective, 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 contractors 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 2021 cost reporting period for four selected providers that delivered 24-hour residential child care services for the Department of Family and Protective Services (Department). The scope also included a review of significant internal control components related to the providers' financial and foster parent monitoring processes.

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



- Anna Howe, CFE (Project Manager)
- Jessica McGuire, MSA (Assistant Project Manager)
- Brandy Corbin
- Douglas Jarnagan, MAcc
- Benjamin Nathaniel Keyfitz, CPA, CFE
- Thanh Le, MBA
- Alex Lerma, MAcc
- Austin McCarthy, CPA
- Emmanuel Melendez, CPA, MBA
- Sterling Pape
- Jenna Perez, MAcy
- Daniel Aung Thu
- Jeremy Wong
- Robert G. Kiker, CFE, CGAP (Quality Control Reviewer)
- Willie Hicks, CIA, MBA, CGAP (Audit Manager)

Methodology

We conducted this performance audit from March 2022 through October 2022 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 four providers to audit based on (1) risk rankings developed by auditors with input from the Department and (2) the type of contract and the location of the provider. The four providers selected were:

- Promise House Inc., a general residential operation and emergency shelter
- EmberHope Inc., a child-placing agency
- Families Especial Inc., a child-placing agency
- Independence Farm Inc., a general residential operation

Additionally, we performed the following:

- Determined whether selected providers had adequate controls over (1) financial processes and cost reporting processes, to ensure compliance with requirements in Title 26, Texas Administrative Code, Chapters 748 and 749; Title 1, Texas Administrative Code, Chapter 355; and the Commission's *2021 Cost Report Instructions for 24 Hour Residential Child Care Program (24RCC)*; and (2) foster parent monitoring processes, to ensure compliance with requirements in Title 16, Texas Administrative Code, Section 749.2815, by:
 - Reviewing providers' policies and procedures.
 - Interviewing 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 supports those processes.

- Testing providers' expenditures, payroll records, foster parent payments, and related internal controls by reviewing financial records and supporting documentation. Non-statistical samples were selected for the tests performed. The majority of the samples were chosen through random selection. In some cases, we selected sample items based on certain risk factors. To determine whether each provider reconciled all applicable bank accounts appropriately, audits used non-representative sampling to select three months out of each provider's fiscal year. The sample designs selected included coverage of expenditures, payroll records, foster parent payments, and bank reconciliations.
- Comparing providers' general ledgers to selected expenditure line items on providers' cost report. We selected line items based on certain risk factors.
- Testing all related-party expenditures reported on the providers' cost reports or identified throughout testing.
- Testing child-placing agencies' monitoring records of foster families. The sample design to select foster families for testing included coverage of foster family homes.
- Tested appropriateness of user access controls over providers' accounting information systems. We tested the entire population of users for the accounting information systems identified.

The samples described were not necessarily representative of the population 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 test results to the population. 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

For financial data and payroll data collected from providers, we assessed the reliability of the data collected by reconciling (1) financial data to trial balance reports and (2) payroll data to the financial data. The financial data and payroll

data collected from the four providers were sufficiently reliable for the purposes of this 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

Payment Rates for 24-hour Residential Care Providers

All 24-hour residential child care providers are paid a fixed daily rate for each child placed in their care based on the service level for each child. Child-placing agencies are required to reimburse foster families for children receiving services under a contract with the Department of Family and Protective Services. Figure 3 lists the 24-hour child care rates effective September 1, 2019, for the selected providers audited.

Figure 3

24-hour Residential Child Care Daily Payment Rates per Child, Effective September 1, 2019^a

Child's Service Level Classification	Minimum Daily Rate Paid to Foster Family	Daily Rate Paid to Child-Placing Agency	Daily Rate Paid to General Residential Operation
Basic	\$27.07	\$49.54	\$45.19
Moderate	\$47.37	\$87.36	\$108.18
Specialized	\$57.86	\$110.10	\$197.69
Intense	\$92.43	\$186.42	\$277.37

^a Emergency shelter services are also provided at the daily rate of \$137.30.

Source: The Department of Family and Protective Services.

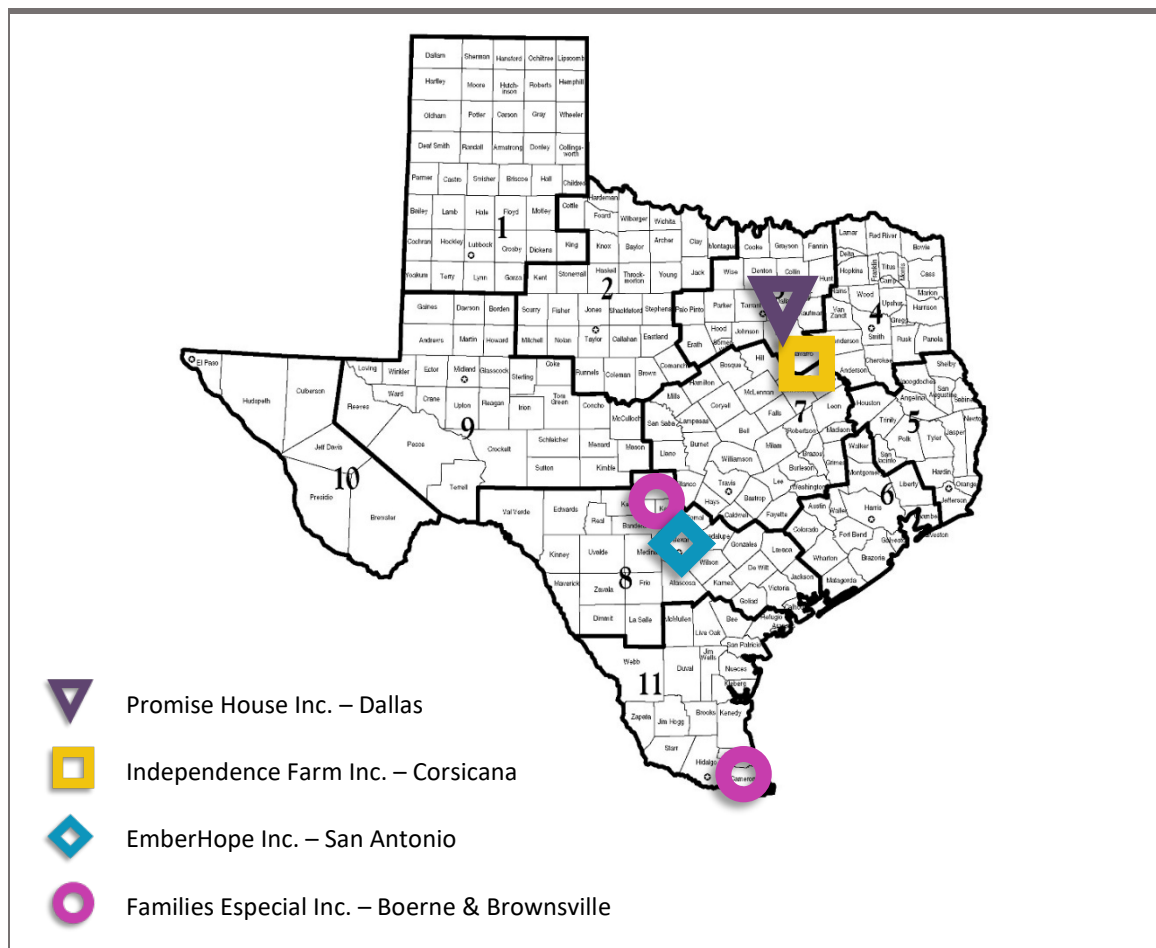
Appendix 3

Map of Providers' Locations

Figure 4 shows the locations of the four residential child care contractors (providers) audited and the Department of Family and Protective Services' 11 regions.

Figure 4

Locations of Providers Audited



Source: The map was created by the Department of Family and Protective Services; provider locations were identified by the State Auditor's Office.

Appendix 4

Related State Auditor's Office Reports

Report Number	Report Name	Release Date
22-006	<i>An Audit Report on On-Site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2021
20-007	<i>An Audit Report on On-Site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2019
19-004	<i>An Audit Report on On-Site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2018
18-022	<i>An Audit Report on Foster Care Redesign at the Department of Family and Protective Services</i>	March 2018
18-004	<i>An Audit Report on On-Site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2017



Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dade Phelan, 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. Cecile Erwin Young, Executive Commissioner

Department of Family and Protective Services

Ms. Jaime Masters, Commissioner

Board Members and Executive Directors of the Following Providers Audited

EmberHope Inc.

Families Especial Inc.

Independence Farm Inc.

Promise House Inc.



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