



An Audit Report on

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

- The Department did not monitor the Single Source Continuum Contractors' (SSCCs) compliance with placement requirements for children in temporary custody.
- The Department did not verify the information that SSCCs reported related to foster care providers' compliance with key health and safety contract requirements.
- The Department conducted performance and regional case file reviews, but it did not have a process to address instances of noncompliance identified from those reviews.

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

The Department of Family and Protective Services (Department) had some processes and related controls to monitor its performance-based contracts with Single Source Continuum Contractors (SSCCs) to help ensure that certain contract provisions are being enforced. However, the Department did not provide sufficient oversight of its SSCCs to verify that critical placement information for children in temporary custody and selected health and safety requirements were monitored as required.

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

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

## PRIORITY

### CHILD PLACEMENTS AND ANNUAL MONITORING REVIEWS

The Department did not provide sufficient oversight of its SSCCs to verify that: (1) critical placement information was monitored for children in temporary custody and (2) SSCCs monitored providers' compliance with selected health and safety requirements during its annual monitoring reviews. In addition, it should strengthen its sampling process for foster family payments.

[Chapter 1 | p. 7](#)

## MEDIUM

### PERFORMANCE REVIEWS AND REGIONAL CASE FILE REVIEWS

The Department conducted performance reviews and regional case file reviews, but it should ensure that it evaluates and accurately calculates all metrics during performance reviews. In addition, it did not have a process to address instances of noncompliance identified during both of those reviews.

[Chapter 2 | p. 15](#)

## LOW

### INFORMATION TECHNOLOGY

The Department appropriately restricted access for external SSCC users and maintained application controls for its case management system to help ensure that child placement data and selected performance data was reliable. Specifically, the Department ensured that access was appropriately assigned, and it had edit checks for certain key data fields in its IMPACT system.

[Chapter 3 | p. 23](#)

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## Summary of Management Response

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

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## Ratings Definitions

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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.

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

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

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

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

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

# Background Information

## The Community-based Care Model and Single Source Continuum Contractors

The Department of Family and Protective Services (Department) oversees children in the State’s care through two different models: (1) the legacy model and (2) the community-based care model (see Figure 1).

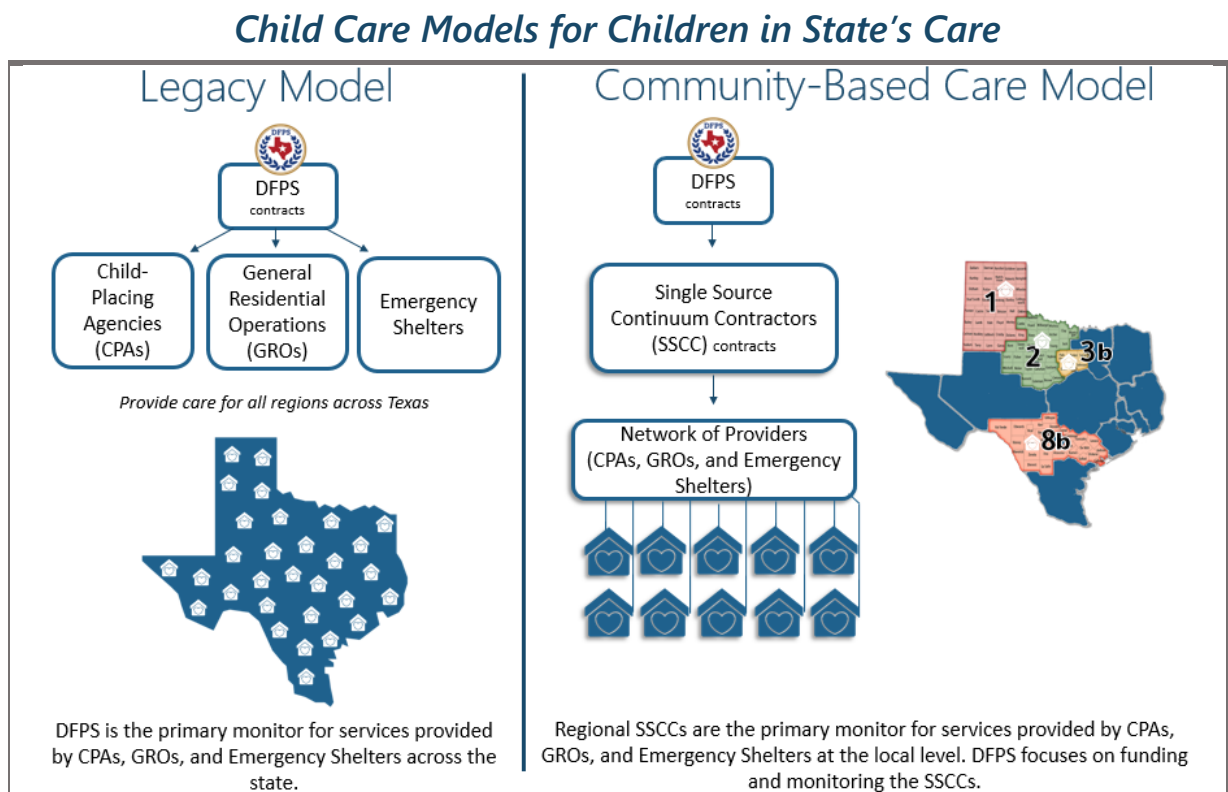
For the community-based care model, the Department contracts with Single Source Continuum Contractors (SSCCs). This model is based on a community-based approach to meeting the individual and unique needs of children, youth, and families. As of August 31, 2022, the Department had contracted with four SSCCs.

### Annual State Auditor’s Office Reviews

Effective June 14, 2021, the Texas Human Resources Code, Section 40.0583, required the State Auditor’s Office to annually review the Department’s contracts with Single Source Continuum Contractors (SSCCs) to determine if the Department is properly enforcing contract provisions with providers.

This is the first year the State Auditor’s Office is performing the audit.

Figure 1



<sup>a</sup> DFPS is the Department of Family and Protective Services.

Source: Based on information from the Department.

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## SSCCs' Stages and Service Regions

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The Department created a staged approach to contracting with SSCCs and implementing community-based care. Under that approach, SSCCs monitor the foster care providers in their region and are given more responsibilities as they demonstrate their ability to provide services during each of the following stages:

- **Stage I-** The SSCC develops a network of services and provides paid foster care services (for example, placements with foster families).
- **Stage II-** In addition to stage I services, the SSCC provides case management services, nonpaid foster care services (for example, placements with relatives), and family reunification services.
- **Stage III-** In addition to stage I and II services, the SSCC assumes financial accountability for the permanent placement of children in the State's care through financial incentives and an assessment of remedies.

For this report, auditors determined whether the Department was providing sufficient contract oversight for two SSCCs (2INgage and Our Community Our Kids) that provided stage II services since September 1, 2020 (the beginning of fiscal year 2021). Figure 2 on the next page shows the SSCCs the Department has contracted with as of August 31, 2022, as well as the SSCCs' regions and service stages.

Figure 2

### SSCCs, Regions, and Stages as of August 31, 2022

Service Area	Description of Service Area	Single Source Continuum Contractor (SSCC)	Current Stage of Community-Based Care Services	Timeline
 <b>1</b> Region 1	41 counties in Texas Panhandle	Saint Francis Community Services	Stage II	Stage I: January 2020 Stage II: March 2022
 <b>2</b> Region 2	30 counties in North Texas	2INgage <sup>a</sup>	Stage II	Stage I: December 2018 Stage II: June 2020
 <b>3b</b> Region 3b	7 counties around Fort Worth	Our Community Our Kids (OCOK) <sup>a</sup>	Stage II	Stage I: July 2014 Stage II: March 2020
 <b>8b</b> Region 8b	27 counties in South Central and Hill Country	BELONG	Stage I	Stage I: October 2021

<sup>a</sup> This report audited the Department’s contract oversight for two SSCCs (2INgage and Our Community Our Kids) that provided stage II services.

Sources: The SSCC contracts, the Department, and the Department’s readiness letters.

## The Department’s Monitoring Reviews







The Department performs three main types of monitoring reviews of SSCCs to ensure compliance with contract requirements:

- Annual monitoring reviews.
- Performance reviews.
- Regional case file reviews.

Figure 3 describes those reviews.

Figure 3

### Department's Key Monitoring Reviews

Type of Review	Frequency	Purpose
 <p><b>Annual Monitoring Reviews</b></p>	<p><i>Annually</i></p> 	<p>The Department verifies that SSCCs are monitoring foster care providers to verify compliance with certain health and safety contract requirements and that foster families are being paid the required minimum rate. For example, the foster care providers must ensure that (1) staff with access to children have criminal background checks, (2) it has a process to report serious incidents, and (3) certain performance data is accurate.</p>
 <p><b>Performance Reviews</b></p>	<p><i>Quarterly</i></p> 	<p>The Department calculates and compares the SSCC's contracted performance results to established targets for critical areas related to the well-being, safety, and foster care placement stability for children in state care.</p>
 <p><b>Regional Case File Reviews (Stage II and Stage III SSCCs)</b></p>	<p><i>Monthly</i></p> 	<p>The Department reviews child cases to determine if required documentation was completed related to the safety and well-being of the children in state care. For example, the Department reviews a child case to verify that the child received periodic face-to-face visitations with parents.</p>

Source: Based on information from the Department.



## Chapter 1

**PRIORITY**

# Child Placements and Annual Monitoring Reviews

While the Single Source Continuum Contractors (SSCCs) are primarily responsible for monitoring the foster care providers, the Department is responsible for ensuring that the SSCCs perform their contracted activities. However, the Department did not provide sufficient oversight of its SSCCs to verify that:

- Critical placement information was monitored for children in temporary custody.<sup>1</sup>
- SSCCs monitored providers' compliance with selected health and safety requirements.

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**The Department did not monitor the SSCCs' compliance with placement requirements for children in temporary custody.**

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As discussed in the [Background Section](#) of this report, SSCCs in stage II of the community-based care model are responsible for foster care placements of children in temporary custody. Those SSCCs are required to complete certain critical documents to:

- Show that the placement is appropriate based on the needs of the child and properly authorized, and



**No Monitoring Process**

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<sup>1</sup> When a child is removed from its home, the State takes temporary physical custody of the child. All children in state conservatorship are considered to be in temporary custody until a judge legally appoints a person to be responsible for a child (without adopting a child) and is therefore, considered to be in permanent custody.

- Provide the caregiver with critical information to properly care for the child.

However, the Department did not have a monitoring process in place to verify that stage II SSCCs were completing all required placement documentation.

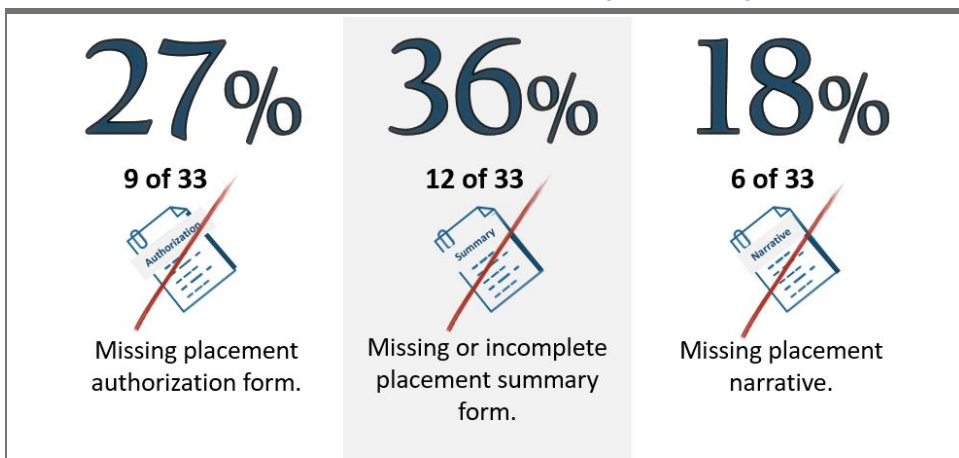
Monitoring the SSCCs’ compliance with those requirements is important because, as discussed below, SSCCs did not always complete the required documentation. Without that documentation, the Department cannot verify that the child placement requirements are met.

### The two SSCCs audited did not consistently complete required placement forms for children in temporary custody.

For children in temporary custody, 19 (58 percent) of 33 placement records tested had one or more of the required placement documents missing or incomplete (see Figure 4 and the text box for more information about the missing or incomplete forms).<sup>2</sup>

Figure 4

#### Missing or Incomplete Child Placement Documentation (for children in temporary custody)



<sup>2</sup> The total errors noted in Figure 4 do not sum to the 19 placement records tested with missing or incomplete placement documentation because one record could have more than one type of placement documentation that was missing or incomplete.

#### Child Placement Record Requirements

SSCCs are required to complete the following documentation for each placement:

- **Placement authorization form-** This authorizes the placement of the child and notifies the caregiver of the terms and conditions for the placement.
- **Placement summary form-** This includes key information needed for the caregivers to properly care for the child. For example, the child’s behavioral and medical issues and medications would be included.
- **Placement narrative -** This assists with ensuring that the placement was appropriate based on the needs of child. For example, the caseworker is required to describe the services the caregiver offers and how the placement maintains sibling relationships.

Sources: The SSCC contracts, Department’s forms/narratives, and the Department’s *Child Protective Services Handbook*, Section 4100.



## The Department did not verify the information reported to it by the SSCCs related to providers' compliance with key health and safety contract requirements.

The Department did not have an effective process to verify that SSCCs are monitoring selected key health and safety requirements for its foster care providers. As part of the SSCCs' monitoring of providers, SSCCs conduct onsite reviews and submit the results of their monitoring to the Department. For the Department's annual monitoring reviews of SSCCs, Department staff complete a spreadsheet that addresses, at a high level, significant contract requirements (see Figure 5). However, the Department relies only on the information reported in the SSCCs' monitoring documentation to determine the SSCC provider's compliance with the key contract requirements.

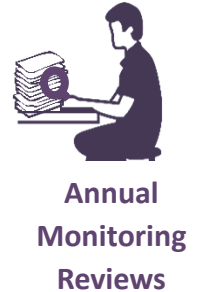
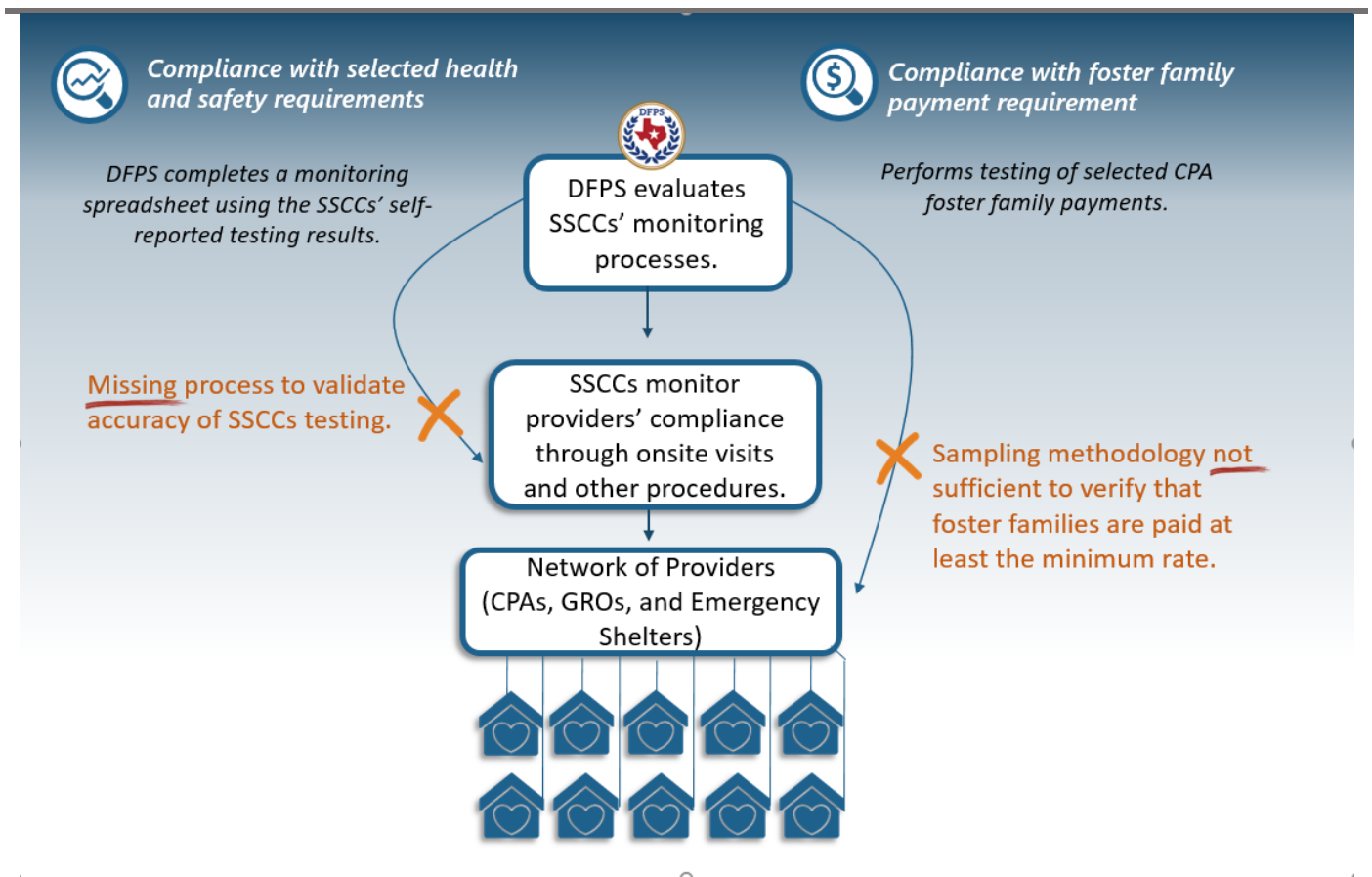


Figure 5

### The Department's Annual Monitoring Review Process of SSCCs



Source: The Department.

The Department's annual monitoring reviews did not include procedures that would help it obtain a reasonable assurance that the information the SSCCs submitted is accurate and complete. Verifying information submitted by the SSCCs is important for the significant requirements related to ensuring the health and safety of the children in the State's care. The Department did not require SSCCs to submit any supporting documentation with the monitoring spreadsheet, or use other information resources, such as the Health and Human Service's Child Care Licensing Automated Support System, to verify certain information. It also did not require SSCCs to maintain detailed monitoring support as required by the Department's *Contract Handbook*.

For example, the Department did not perform procedures to confirm the results of the SSCCs' monitoring of its providers for the following key contract requirements:

- Providers reported serious incidents.
- Providers reviewed children's initial and annual medical and dental exams.
- Providers conducted initial licensing criminal background checks.

In addition, the Department's review process did not ensure that it consistently completed all items on its monitoring spreadsheet or carried forward all issues identified to the annual monitoring report for the SSCC.

Not adequately monitoring and ensuring that SSCCs are reporting complete and reliable information limits the Department's ability to (1) identify SSCCs that may not be complying with the contract's key monitoring requirements and (2) ensure the health and safety of the children in the State's care.

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### The Department should strengthen the sampling process for foster family payments it uses during annual monitoring reviews.

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As part of its annual monitoring reviews, the Department tests samples of foster care payments to verify that foster families are being paid at least the required minimum rate. However, the sampling methodology the Department used for its reviews in fiscal year 2021 was not sufficient to provide reasonable assurance that foster families were consistently paid at least the required rate across SSCC regions. Specifically:



**Annual  
Monitoring  
Reviews**

- For one SSCC monitored, the Department relied on the SSCC to select the sample of payments to be tested, which included only one month of the fiscal year. The subject of the monitoring should not be allowed to select the items to be reviewed.
- For another SSCC monitored, the Department selected a sample that was too small because of an error in determining the population of payments. Not testing a sufficient number of payments increases the risk that the Department will not be able to reasonably identify whether foster families are being paid below the minimum rate.

Although the Department developed effective sampling procedures, it considered those procedures as optional and did not require staff to follow them.

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## Recommendations

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The Department should:

- Develop and implement a process to verify that SSCCs are completing and maintaining required placement documents for children in temporary custody.
- Expand its annual monitoring reviews to verify the accuracy and completeness of information that SSCCs submit for the monitoring of key contract requirements related to the health and safety of children in the State's care.
- Ensure that its secondary review of the annual monitoring spreadsheet verifies that (1) all review areas are completed and (2) all issues identified are carried forward to the annual monitoring reports.
- Develop and implement sampling procedures and require staff to follow them when testing payments to provide reasonable assurance that foster families are being paid at least the required minimum rate. These procedures should include details for identifying the population.

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## Management's Response

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**Recommendation #1:**

Develop and implement a process to verify that SSCCs are completing and maintaining required placement documents for children in temporary custody.

**Management's Response:**

The Department agrees, that consistently complete placement forms are important. While an overall robust review process exists for case management, DFPS will further strengthen the review process of the Case Management Oversight (CMO) review tool to verify required sections of the placement paperwork is also completed and if not, seek corrections from the SSCCs. This process will be implemented in FY23; and staff at both DFPS and the SSCCs will be trained on this review process.

**Responsible Person, Title:** CPS<sup>3</sup> Deputy Associate Commissioner

**Implementation:** August 31, 2023

**Recommendation #2:**

Expand its annual monitoring reviews to verify the accuracy and completeness of information that SSCCs submit for the monitoring of key contract requirements related to the health and safety of children in the State's care.

**Management's Response:**

The Department agrees, verification of a providers' compliance with key health and safety contract requirements is important. The Department aligns oversight activities across multiple programs in addition to what is reported in the SSCCs monitoring documentation. The annual monitoring reviews are one area where these items are looked at; however, health and safety concerns of a residential provider are of ongoing concern across the agency and the SSCCs. DFPS and the SSCCs work in partnership to share information on any and all health and or

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<sup>3</sup> CPS is Child Protective Services.

safety with any residential provider. Serious incident reports are tracked throughout the year, as are providers that have failed to report a serious incident. Processes and procedures outside annual monitoring are ongoing and acted upon to require immediate action to correct. In addition, the SSCCs upload all monitoring reports, and corrective actions.

There are also weekly facility intervention staffing (FITS) to discuss residential providers with these types of concerns.

The SSCCs are also required to track compliance with the Texas Health Steps and submit a quarterly report of the providers that are in non-compliance to DFPS. As noted, below verification processes will be added to the annual review as well.

To address the recommendation, the CBC<sup>4</sup> Contract Team has added a verification process to the annual monitoring currently underway to verify the initial medical exam was conducted as required. A process to track annual medical and dental exams is currently being developed by the CBC Contract Team, for use in the annual monitoring procedures for FY23, as the Health Passport system has not proven a reliable source of accurate and or timely information.

Finally, the CBC Contract Team has added a verification process to the annual monitoring currently underway to verify the initial licensing criminal background checks have been conducted as required.

**Responsible Person, Title:** CBC Contract Director

**Implementation:** Partial Implementation November 9, 2022, Full Implementation August 31, 2023

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<sup>4</sup> CBC is Community-based Care.

**Recommendation #3:**

Ensure that its secondary review of the annual monitoring spreadsheet verifies that (1) all review areas are completed and (2) all issues identified are carried forward to the annual monitoring reports.

**Management's Response:**

The Department agrees that the monitoring spreadsheets reviewed had missing information. The monitoring spreadsheet has been re-formatted to assist in completeness and the CBC Contract Director has implemented a peer review process whereby; CBC contract monitoring teams will conduct a review of the monitoring spreadsheet and draft report to ensure all review areas are completed and all issues identified are carried forward to the annual monitoring report prior to a final review to be conducted by the CBC Contract Director. This has already been implemented.

**Responsible Person, Title:** CBC Contract Director

**Implementation:** November 9, 2022

**Recommendation #4:**

Develop and implement sampling procedures and require staff to follow them when testing payments to provide reasonable assurance that foster families are being paid at least the required minimum rate. These procedures should include details for identifying the population.

**Management's Response:**

The Department agrees clear sampling methodology needs to be documented and followed. The CBC Contract Director and the CBC Fiscal Officer have developed and implemented a robust, consistent sampling documentation process and tool to support a thorough review and adequate sample to verify the important pass through funds are being provided to foster families as required. This process and tool are being used for the FY22 annual monitoring reviews currently underway.

**Responsible Person, Title:** CBC Contract Director

**Implementation:** November 9, 2022

**MEDIUM**

## Chapter 2

# Performance Reviews and Regional Case File Reviews

In addition to the annual monitoring reviews discussed in Chapter 1, the Department's monitoring of SSCCs also included processes to review compliance with most of the performance metrics in its contracts with SSCCs (performance reviews) and to review case files for compliance with certain case management requirements. However, the Department did not have a process to address consistent or significant instances of noncompliance identified from those reviews.

The Department conducted quarterly performance reviews, but it should ensure that it evaluates and accurately calculates all metrics.



### Performance Reviews

As required by the SSCCs' contracts with the Department, placement and service information was entered into the Department's Information Management Protecting Adults and Children in Texas (IMPACT) system and the Performance Management Evaluation Tool (PMET). Each quarter, the Department compiled performance data, compared that data to performance targets, and created a report with the results. For fiscal year 2021, the Department had a process to review 8 of the 12 SSCC performance metrics listed in the contracts for all SSCCs (see text box for more information on the performance reviews).

However, for the four remaining performance metrics, the Department did not collect reliable data or establish performance targets as required by the contracts (see Figure 6 on the next page). Those four performance metrics were all related to a foster child's well-being and had been in the SSCC contracts since at least fiscal year 2019, but the Department did not know if the SSCCs were complying with those metrics.




#### Performance Reviews

During the Department's quarterly performance reviews, it compared the SSCCs' contracted performance data results to targets for critical areas related to well-being, safety, and foster care placement stability for children in state conservatorship.

Sources: The SSCC contracts and the Department's *Community-based Care Contract Administration Manager Guide*.

Figure 6

**Performance Metrics Not Evaluated by the Department in Its Quarterly Performance Reviews**

Goal	Performance Metric	No Reliable Data Collected	No Target Established
 <b>Education</b>	Children/youth remain in their school of origin.	✗	
 <b>Participation in Decisions</b>	Children/youth age 5 and older participate in service planning.	✗	
	Children/youth attend court hearings.		✗
 <b>Preparation for Adulthood</b>	Youth age 16 and older obtain a driver's license or Texas identification card.		✗

**The Department did not ensure that it accurately calculated the results for a performance metric.**

One of the two performance metrics tested was not accurate (see text box for metrics tested). Specifically, the Department inaccurately counted the number of placements for children in foster care for the “Children’s Stability in Their Placements” metric. The query that the Department used to collect the data and calculate placements did not follow the methodology described in the SSCC contracts when it excluded certain foster child placements. As a result, the amounts were understated. For example, 6 (24 percent) of 25 child placements tested were incorrectly excluded from the metric results.

**Performance Metrics Tested**

State auditors tested for accuracy two performance metrics in the SSCC contracts:

- Children Placed with Their Siblings.
- Children’s Stability in Their Placements.



## The Department adequately performed regional case file reviews, but it should communicate issues identified to the SSCCs in a timely manner.

The Department performed regional case file reviews to monitor the SSCCs' completion of required documentation related to the safety, health, and well-being of children in the State's care. For example, the reviews verified that the SSCCs' caseworkers were ensuring that parents and siblings received frequent face-to-face visits with the children in the State's care. The Department's fiscal year 2021 monthly case file reviews for SSCCs in stage II were adequate to identify and communicate significant issues for critical case management tasks. However, for 3 (75 percent) of the 4 monthly case file reviews tested, the Department communicated the identified issues 3 to 4 months after the reviews were performed. Timely communication of issues helps ensure that caseworkers are verifying and documenting that caregivers are properly caring for children.

The *State of Texas Procurement and Contract Management Guide* states that agencies should have a well-defined monitoring program with follow-up actions (see text box). However, the Department's policies and procedures do not define the timeliness for communicating significant issues.



### Regional Case File Reviews

#### Contract Monitoring Guidance for State Agencies

The *State of Texas Procurement and Contract Management Guide* states that agencies should implement a monitoring program that has well-defined follow-up actions. This includes periodically monitoring results to ensure that corrective action is taken.

Source: The *State of Texas Procurement and Contract Management Guide*, version 2.0.

## The Department should strengthen its performance and case file reviews by developing a process to evaluate and correct noncompliance.

Although the Department's policies describe the range of corrective actions that can be imposed, it did not have a process to identify when it's appropriate to impose those actions to ensure that SSCCs corrected noncompliance identified during performance and case file reviews. For example, the Department consistently identified noncompliance for various performance

areas during all four performance reviews that state auditors tested. However, the Department did not develop any type of corrective action or document a justification for not performing additional monitoring of the SSCCs to help ensure future compliance.

Without a process to hold SSCCs accountable for noncompliance, the safety, health, and well-being of children in the State's foster care program may continue to be negatively affected.

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## Recommendations

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The Department should:

- Collect reliable data to calculate performance or update its SSCC contracts to remove performance metrics.
- Develop and implement a documented process to assign targets to all performance metrics upon incorporating them into contracts.
- Adjust the query for the “Children’s Stability in Their Placements” performance metric so that all placement scenarios are properly evaluated.
- Communicate instances of noncompliance identified during regional case file reviews to the SSCCs in a timely manner.
- Develop and implement documented policies and procedures for reviewing performance metric results and regional case file results to:
  - Describe when staff should consider placing an SSCC on any type of corrective action for not meeting performance metric targets or case file requirements.
  - Require documented justifications for not applying corrective action for identified instances of noncompliance.

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## Management's Response

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**Recommendation #1:**

Collect reliable data to calculate performance or update its SSCC contracts to remove performance metrics.

**Management's Response:**

DFPS agrees that once it was determined no reliable data was available for a performance measure the contract should have been amended to remove the measure. An amendment effective 9/1/22 has been processed to remove the following two performance measures:

- Children/youth remain in their school of origin, and
- Children/youth age 5 and older participate in service planning

Additionally, a workgroup comprising of CPS Program, Community Based Care (CBC) Contracting Unit, The Office of Community Based Care Transition, and the Data Systems Improvement team began mid-August in 2022 to discuss methodological enhancements to existing SSCC performance measures, the creation of new ones, and the removal of ineffective ones to the stated goals of CBC. For this work, the workgroup created a decision tree for approaching the work, and a core branch of this decision tree is for the proposed measure to have reliable data. Thus, all measures moving forward will be evaluated on how reliable the data is and to modify or remove performance metrics when data cannot be reliably used to measure.

**Responsible Person(s), Title:** CBC Contract Director

**Implementation:** November 9, 2022 (contract amendment)

**Responsible Person(s), Title:** CPS Analytics & Eval Division Director

**Implementation:** August 31, 2023 (performance changes)

**Recommendation #2:**

Develop and implement a documented process to assign targets to all performance metrics upon incorporating them into contracts.

**Management's Response:**

DFPS agrees, assigning targets to all performance metrics upon incorporating them into the contract provides clarity to the SSCC on expected performance.

As noted above a workgroup comprising of CPS Program, Community Based Care Contracting Unit, The Office of Community Based Care Transition, and the Data Systems Improvement team began mid-August in 2022 to discuss methodological enhancements to existing SSCC performance measures, the creation of new ones, and the removal of ineffective ones to the stated goals of CBC.

Finally, the decision tree also includes a node on whether a current measure or proposed measure has an appropriate comparison group – if there is none, the measure will be revised to include a comparison group for benchmarking (establishing targets) purposes, and if one is not possible, the measure will either be replaced with a measure that has such a comparison group and meets the goals of the measure or it will be removed.

These two measures are currently under review for removal:

- Children/youth attend court hearings, and,
- Youth age 16 and older have a driver's license or state identification card.

**Responsible Person(s), Title:** CBC Contract Director

**Implementation:** August 31, 2023 (contract amendment, if decision is to remove these two performance measures)

**Responsible Person(s), Title:** CPS Analytics & Eval Division Director

**Implementation:** August 31, 2023 (performance changes)

**Recommendation #3:**

Adjust the query for “Children’s Stability in Their Placements” performance metric so that all placement scenarios are properly evaluated.

**Management’s Response:**

DFPS agrees that it is critical for the queries used to pull performance data should be congruent with the stated methodology in the SSCC Contract.

During the audit, the Data and Decision Support division recognized an error in the source table for placements and corrected the issue in collecting & reviewing files for the performance measure quality assurance.

Moving forward, the Data Systems Improvement division will continue to partner with the Data and Decision Support division, both under the Office of Data Systems Improvement, to ensure congruence between the methodologies in the SQL queries and the SSCC contract for all performance measures.

**Responsible Person(s), Title:** CPS Analytics & Eval Division Director

**Implementation:** October 31, 2022

**Recommendation #4:**

Communicate instances of noncompliance identified during regional case file reviews to the SSCCs in a timely manner.

**Management’s Response:**

The Department agrees that timely communication of instances of noncompliance identified during regional case file reviews to the SSCCs is important. The DFPS Case Management Oversight (CMO) review team will determine a more reasonable timeframe for sharing instances of noncompliance and add this to the CMO guide. This additional process will be implemented during FY23.

**Responsible Person(s), Title:** CPS Deputy Associate Commissioner

**Implementation:** August 31, 2023

**Recommendation #5:**

Develop and implement documented policies and procedures when reviewing performance metric results and regional case file results to:

- Describe when staff should consider placing an SSCC on any type of corrective action for not meeting performance metric targets or case file requirements.
- Require documented justifications for not applying corrective action for identified instances of noncompliance.

**Management's Response:**

DFPS agrees, that a more standard process of when to impose an intervention for an area of noncompliance; once identified during performance and case file reviews, is needed. The Progressive Intervention Plan defined in the SSCC contract, identifies the range of options and has been used successfully, in the past; to ensure compliance with the SSCCs, beginning with technical assistance, or requesting continuous quality improvement plans when performance issues are identified, and should performance not improve, using other strategies noted in the progressive intervention process plan as needed.

The Data Systems Improvement division, in collaboration with CPS Program, Community Based Care Contracting Unit, and The Office of Community Based Care Transition, are working to clarify and standardize a compliance threshold for each performance metric that will support when staff should place an SSCC on a corrective action. If staff decide not to pursue a Progressive Intervention Plan contrary to the criteria established by the thresholds, they will be required to document justifications as to why. This work is currently underway and is expected to be completed by January 2023 with full implementation 8/31/2023.

**Responsible Person(s), Title:** CBC Contract Director

**Implementation:** August 31, 2023 (contract amendment, to incorporate changes)

**Responsible Person(s), Title:** CPS Analytics & Eval Division Director

**Implementation:** August 31, 2023 (performance changes)

**LOW**

## Chapter 3 Information Technology

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The Department appropriately restricted access for external SSCC users and maintained application controls for its case management system.

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**User Access Controls.** The Department had processes and controls to ensure that external SSCC user access to the Child Protective Services module in the IMPACT system was appropriate. Specifically, SSCC users who had modify capabilities to the IMPACT system were current employees, and their access was appropriate.

**Application Controls.** The Department also had edit checks for certain key data fields in its IMPACT system to help ensure that child placement data and selected performance data was reliable. For example, IMPACT was configured to require that fields such as placement start date, placement end date, and living arrangement accept only complete and valid entries.



## Appendix 1

# Objective, Scope, and Methodology

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### Objective

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The objective of this audit was to determine if the Department of Family and Protective Services (Department) has processes and related controls to monitor its performance-based contracts to help ensure that select contract provisions are being enforced.

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### Scope

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For the two Single Source Continuum Contractors (SSCC) selected—2iNgage and Our Community Our Kids—the scope of the audit included: (1) placement data for children in the State’s temporary custody, (2) supporting child placement documentation, (3) the Department’s performance-based contracts with SSCCs, and (4) the Department’s monitoring documentation between September 1, 2020, and April 30, 2022. The scope also included a review of significant internal control components related to the Department’s monitoring of the SSCCs, the accuracy and completeness of child placement data, and selected performance metric data in the Information Management Protecting Adults and Children in Texas (IMPACT) system.

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



- Kelley Ngaide, CIA, CFE (Project Manager)
  - Kelly Bratton, CFSA, CRMA, MBA (Assistant Project Manager)
  - Benjamin Hikida, MACy, CFE
  - Joe Kozak, CPA, CISA
  - Tyler Miller, MPA, CFE
  - Daniel Spencer, MSA, CFE
  - Ryan Walther
  - Mary Ann Wise, CPA, CFE (Quality Control Reviewer)
  - Dana Musgrave, MBA, CFE (Quality Control Reviewer)
  - Becky Beachy, CIA, CGAP (Audit Manager)
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## Methodology

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We conducted this performance audit from March 2022 through November 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Department management for consideration.

### Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed Department management and staff to gain an understanding of the Department’s processes related to its monitoring of SSCCs’ compliance with contract provisions, including internal controls and information that supports those processes.
- Identified the following relevant criteria:
  - Performance-based contracts and Joint Operations Manuals between the Department and the two SSCCs included in the scope of the audit.
  - Department policies including its *Child Protective Services Handbook* (various sections effective May 2019, July 2020, October 2020, and February 2021) and *Contract Handbook* (related to sampling, enhanced monitoring, and contract monitoring effective February 2019, December 2020, August 2021, respectively).
  - The Department’s *Community-Based Care Contract Administration Manager Guide*, effective September 2021.
  - *State of Texas Procurement and Contract Management Guide*, version 2.0.
  - Texas Administrative Code, Title 1, Section 202.22.

- The Department of Information Resources' *Security Control Standards Catalog*, version 2.0.
- Evaluated the Department's oversight activities for the SSCC contracts to determine whether they included a review of the key contract provisions.
- Determined the effectiveness of information technology controls related to case management services by testing SSCCs' user access and certain application controls related to processing of child placement records in the Child Protective Services module in the IMPACT system.
- Determined if the Department adequately performed the fiscal year 2021 annual reviews for the two SSCCs selected by:
  - Evaluating the Department's review of the foster family payments;
  - Verifying that the Department completed annual reviews and included all issues identified in its reports; and
  - Verifying if the Department obtained reasonable assurance that the SSCCs performed the required monitoring of its providers.
- Determined if the Department accurately calculated certain performance metrics for the two SSCCs by (1) reviewing the queries, (2) recalculating the performance metrics, and (3) verifying whether the Department performed procedures to ensure that the data used was complete and accurate.

Figure 7 on the next page includes determinations of whether the samples tested were representative. If a sample was representative, it would be appropriate to project those test results to the population, but the accuracy of the projection could not be measured. If a sample was not representative, it would not be appropriate to project those test results to the population.

Figure 7

**Total Populations and Samples Selected for Two SSCCs Included in the Audit (2INgage and Our Community Our Kids)**

Description	Population	Sample Size	Sampling Methodology <sup>a</sup>	Representative Determination
Child Placement Records (for those in temporary custody) between September 1, 2020, and April 30, 2022	4,498	33	<ul style="list-style-type: none"> <li>• 30 random items (15 each from two SSCCs).</li> <li>• 3 items selected in a directed sample.</li> </ul>	Not Representative
Quarterly Performance Reports during fiscal year 2021	8	4	Directed	Not Representative
Monthly Case File Reviews during fiscal year 2021	24	4	Random	Not Representative <sup>b</sup>
Child Cases Reviewed by the Department during fiscal year 2021	1,992	25	Random	Representative

<sup>a</sup> **Random sample design** was chosen to ensure that the sample included a cross section of the child placements in the State’s temporary custody and of the case files that the Department reviewed.

**Directed sample design** was chosen to ensure that the sample included items with specific characteristics for: (1) child placement records that had exceptional pay and (2) quarterly performance reviews from the time periods that included the year-end review and the quarter that corresponds to its rider 15 community-based care report.

<sup>b</sup> Auditors randomly selected two months for the sample and tested the same two months for both SSCCs included in the population.

**Data Reliability and Completeness**

To determine data reliability and completeness, auditors (1) observed the Department staff extract requested data populations, (2) reviewed data queries and report parameters, (3) analyzed the populations for reasonableness and completeness, and (4) conducted testing of SSCC user access and certain application controls of the IMPACT system. Auditors determined that the following data sets were sufficiently reliable and complete for the purposes of the audit:

- Population of child placement data in the IMPACT system for children in temporary custody for selected SSCCs between September 1, 2020, and April 30, 2022.

- Population of performance data results for two selected metrics for the quarter ending August 31, 2021, compiled using data from the IMPACT system.

Also, auditors observed Department staff extract the requested data population and reviewed the data query to determine that the population of external SSCC user access data for the Child Protective Services module of the Department's IMPACT system was sufficiently reliable for audit purposes.

Auditors reviewed the reasonableness of the population by comparing it to the Department's sampling methodology and control totals to determine that the population from the IMPACT system of regional case files reviewed by the Department for the selected SSCCs during fiscal year 2021 was sufficiently reliable for audit purposes.

### **Report Ratings**

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

## Appendix 2

### Related State Auditor's Office Reports

Figure 8

Report Number	Report Name	Release Date
<a href="#">22-011</a>	<i>An Audit Report on the Information Management Protecting Adults and Children in Texas (IMPACT) System at the Department of Family and Protective Services</i>	December 2021
<a href="#">22-006</a>	<i>An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors</i>	October 2021
<a href="#">18-022</a>	<i>An Audit Report on Foster Care Redesign at the Department of Family and Protective Services</i>	March 2018



Copies of this report have been distributed to the following:

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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

## **Department of Family and Protective Services**

Mr. Kezeli Wold, Interim Commissioner



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