

# Audit Report

## **Benchmark Family Services, Inc.**

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**A Former Texas Department of Family  
and Protective Services Contractor**



**Inspector  
General**

**Texas Health  
and Human Services**

**August 12, 2021  
OIG Report No. AUD-21-020**



## HHS OIG

TEXAS HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

August 12, 2021

Audit Report

# BENCHMARK FAMILY SERVICES, INC.

*A Former Texas Department of Family and Protective Services Contractor*

## WHY THE OIG CONDUCTED THIS AUDIT

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) conducted an audit of Benchmark Family Services, Inc. (Benchmark). Benchmark operated in 11 locations in Texas as a child placing agency under a residential childcare contract with the Texas Department of Family and Protective Services (DFPS). The contract between Benchmark and DFPS was terminated effective May 31, 2021.

The audit objective was to determine whether Benchmark had processes and controls in place to ensure it provided foster care services in accordance with selected contract terms and applicable requirements. The audit scope included a review of non-payroll expenditures (excluding foster parent payments) for the period from July 1, 2018, through June 30, 2019, and foster parent payments, service plans, and foster home monitoring for the period from September 1, 2019, through August 31, 2020, at the Dallas and San Antonio offices.

## WHAT THE OIG RECOMMENDS

Benchmark is no longer a contractor with DFPS; therefore, OIG Audit did not make any recommendations in this report. However, the results of the audit were distributed to DFPS Child Protective Services, DFPS Purchased Client Services, and the Texas Health and Human Services Commission (HHSC) Residential Child Care Regulation divisions for consideration.

## MANAGEMENT RESPONSE

In its management responses, Benchmark did not dispute the audit findings and indicated it had implemented actions to address the reported issues.

For more information, contact:  
[OIGAuditReports@hhsc.state.tx.us](mailto:OIGAuditReports@hhsc.state.tx.us)

## WHAT THE OIG FOUND

Benchmark did not have effective processes and controls related to completing service plans and foster home quarterly monitoring visits to ensure it consistently provided foster care services in accordance with selected contract terms, including rules of Title 26 of the Texas Administrative Code Chapter 749. Specifically, Benchmark offices in Dallas and San Antonio did not provide documentation to support that they consistently:

- Completed service plans as required:
  - For 19 out of 25 (76 percent) preliminary service plans tested, Benchmark did not (a) complete the preliminary service plan or (b) complete it within the required 72-hour timeframe.
  - For 6 out of 23 (26 percent) initial service plans tested, Benchmark (a) did not complete the initial service plan or (b) did not complete it within the required 45-day timeframe.
  - For the service plans it completed, Benchmark did not consistently comply with certain TAC requirements. For example, for 11 of the 18 (61 percent) initial service plans tested, Benchmark did not obtain all required signatures.

Not completing service plans in accordance with applicable requirements increases the risk that foster children will not receive the specific services and care needed.

- Monitored foster homes adequately. Specifically, Benchmark did not:
  - Conduct all required quarterly monitoring visits for 8 of the 14 (57 percent) of foster homes tested.
  - Conduct two unannounced quarterly monitoring visits, as required, for 5 out of 12 (42 percent) applicable foster homes tested.
  - Ensure a supervisor reviewed and approved the visit documentation for 4 of the 13 (31 percent) foster homes where quarterly monitoring visits were conducted.

Not consistently performing quarterly monitoring visits in accordance with Texas Administrative Code requirements increases the risk that Benchmark will fail to (a) ensure that foster homes comply with DFPS requirements, (b) identify circumstances that could put the children in the foster home at risk, and (c) identify areas in which the foster parents may need additional resources to meet the needs of the children in its care.

The non-payroll expenditures tested were allowable, supported, and accurately recorded in accordance with cost reporting requirements. Additionally, for the samples tested, Benchmark ensured that foster parents were paid in accordance with DFPS requirements.

## BACKGROUND

In state fiscal year 2020, Benchmark had 127 children in placement in 44 foster homes in Dallas, 75 children in placement in 27 foster homes in San Antonio, and 678 children in placement in 252 foster homes statewide. For state fiscal year 2019, which was the most recent cost report available at the time of the audit, Benchmark reported total expenditures of \$10,786,674.

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## INTRODUCTION

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) conducted an audit of Benchmark Family Services, Inc. (Benchmark). Benchmark operated in 11 locations in Texas—including offices in Dallas and San Antonio, which were the scope of this audit—as a child placing agency<sup>1</sup> under a residential childcare contract with the Texas Department of Family and Protective Services (DFPS). Payments for services under this contract were based on a daily rate per child set by the level of care required. The audit focused on service plans, foster home monitoring, and non-payroll expenditures. The contract between Benchmark and DFPS was terminated effective May 31, 2021.

Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1, 2019, through August 31, 2020.

Table 1 provides information about Benchmark’s capacity in 2020, both for the locations tested and throughout Texas.

**Table 1: Benchmark Capacity in 2020**

	All Benchmark Offices	Dallas Office	San Antonio Office
Number of Children in Placement	678	127	75
Number of Foster Homes	252	44	27

*Source: OIG Audit; the numbers represent all children and foster homes active for some or all of 2020.*

For 2019, which was the most recent cost report available at the time of the audit, Benchmark reported total expenditures of \$10,786,674.<sup>2</sup>

### Objective and Scope

The audit objective was to determine whether Benchmark had processes and controls in place to ensure it provides foster care services in accordance with selected contract terms and applicable requirements.

<sup>1</sup> A child placing agency is an organization that manages the placement of children in a foster family home, adoptive home, or other residential childcare setting and is a licensed residential childcare operation that may verify and regulate its own foster and adoptive homes in accordance with Texas Department of Family and Protective Services (DFPS) minimum standards.

<sup>2</sup> The 2019 cost report was based on Benchmark’s fiscal year, which was July 1, 2018, through June 30, 2019.

The audit scope included a review of the following selected foster care services at the Dallas and San Antonio offices:

- Non-payroll expenditures (excluding foster parent payments) for the period from July 1, 2018, through June 30, 2019.<sup>3</sup>
- Foster parent payments, service plans, and foster home monitoring for the period from September 1, 2019, through August 31, 2020.

The audit included a review of Benchmark's internal controls as well as testing of controls that were significant within the context of the audit objectives.

### **Management Response**

OIG Audit presented audit results and issues to Benchmark in a draft report dated August 6, 2021. In its management responses, Benchmark did not dispute the audit findings and indicated it had implemented actions to address the reported issues. Benchmark's full management response letter is included in Appendix B of this report.

### **Auditing Standards**

#### Generally Accepted Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>3</sup> Non-payroll expenditures, excluding foster parent payments, were tested based on the most recent cost report submitted at the time of the audit, which was 2019.

## AUDIT RESULTS

Benchmark did not have effective processes and controls related to completing service plans and foster home monitoring to ensure it consistently provided foster care services in accordance with selected contract terms, including rules of Title 26 of the Texas Administrative Code (TAC) Chapter 749. Benchmark is no longer a contractor with DFPS; therefore, OIG Audit did not make recommendations to Benchmark in this report. However, the results of the audit were distributed to DFPS Child Protective Services, DFPS Purchased Client Services, and the Texas Health and Human Services Commission (HHSC) Residential Child Care Regulation divisions for consideration.<sup>4</sup> Specifically, Benchmark offices in Dallas and San Antonio did not provide documentation to support that they consistently:

- Completed preliminary and initial service plans in accordance with applicable TAC requirements
- Monitored foster homes in accordance with TAC requirements

The non-payroll expenditures tested were allowable, supported, and accurately recorded in accordance with cost reporting requirements. Additionally, for the samples tested, Benchmark ensured that foster parents were paid in accordance with DFPS requirements.

OIG Audit communicated other less significant issues to Benchmark in a separate written communication.

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<sup>4</sup> HHSC Residential Child Care Regulation is responsible for issuing licenses for child-placing-agency administrators.

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**Issue 1: Benchmark Offices in Dallas and San Antonio Did Not Complete Service Plans as Required**

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Benchmark did not provide documentation to show that it consistently completed preliminary and initial service plans at its Dallas and San Antonio offices in accordance with required minimum standards. All child placing agencies are required to comply with the rules of Title 26 of TAC Chapter 749, “Minimum Standards for Child-Placing Agencies” (minimum standards). Those minimum standards include requirements related to service plans.

For all children in their placement, child placing agencies are required to develop, coordinate, and implement a service plan that specifies the services that will be provided to the child to meet the specific needs of the child.<sup>5</sup>

**Preliminary service plans** must be completed within 72 hours of placement and must address the immediate needs of the child, such as supervision requirements, enrolling the child in school, or obtaining needed medical care or clothing.

**Initial service plans** must be completed within 45 days of placement and must address the child’s needs identified in the preliminary service plan, in addition to basic needs related to day-to-day care and development, including items such as:

- Medical needs
- Dental needs
- Educational needs

*Source: 26 Tex. Admin. Code §§ 749.1301, 749.1307, and 749.1309 (Mar. 9, 2018)*

For 19 out of 25 (76 percent) preliminary service plans tested, Benchmark (a) did not complete the preliminary service plan or (b) did not complete it within the required 72-hour timeframe. Specifically:

- Benchmark did not provide documentation to support that 12 out of 25 (48 percent) preliminary service plans selected were completed.
- Seven out of 25 (28 percent) preliminary service plans tested were completed between 2 and 44 days after the required timeframe.

For 6 out of 23 (26 percent) initial service plans tested, Benchmark (a) did not complete the initial service plan or (b) did not complete it within the required 45-day timeframe. Specifically:

- Benchmark did not provide documentation to support that 5 out of 23 (22 percent) initial service plans tested were completed.
- One out of 23 (4 percent) was completed 7 days after the required timeframe.

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<sup>5</sup> 26 Tex. Admin. Code §§ 749.1301 and 749.1309 (Mar. 9, 2018).

Additionally, for the service plans it completed, Benchmark did not consistently comply with certain TAC requirements. For example, for 11 of the 18 (61 percent) initial service plans tested, Benchmark did not obtain all required signatures.<sup>6</sup> Those signatures are important because they indicate that key individuals involved in the child's care are aware of and agree to the service plan.

Benchmark asserted to OIG Audit that it requires a second level, supervisory review for service plans completed; however, if a supervisor completes the service plan, a review is not required. Requiring a second level review for all service plans, even when completed by a supervisor, would help ensure the service plan is accurately and completely documented. For 10 out of 18 (56 percent) service plans tested, a secondary review was not documented on the service plan.

Benchmark utilized a data management system to store all information related to children placed in its care as well as to track due dates for requirements such as service plans and monitoring visits. That data management system updated all due dates for required items when a child was entered into the system. However, the system did not automatically generate notifications to case managers when an item was due, although a manual notification could be generated for items due. Not having (a) notifications automatically generated, or (b) a stronger process to routinely utilize manual notifications, increased the risk of not completing required items timely. Not completing service plans in accordance with applicable requirements increases the risk that foster children will not receive the specific services and care needed.

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## **Issue 2: Benchmark Offices in Dallas and San Antonio Did Not Monitor Foster Homes Adequately**

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Benchmark did not provide documentation to support that its Dallas and San Antonio offices consistently monitored foster homes in accordance with required minimum standards. Child placing agencies are required to monitor foster homes in compliance with minimum standards<sup>7</sup> and maintain documentation of all contacts with foster families.<sup>8</sup> Specifically, monitoring visits must be conducted quarterly and include (a) both foster parents, if applicable, at least once every six months, (b) all household members at least once every year, and (c) at least two unannounced visits per year.<sup>9</sup>

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<sup>6</sup> 26 Tex. Admin. Code § 749.1309 (b) (Mar. 9, 2018).

<sup>7</sup> 26 Tex. Admin Code § 749.2815 (Mar. 9, 2018).

<sup>8</sup> 26 Tex. Admin Code § 749.2815 (d) (Mar. 9, 2018).

<sup>9</sup> 26 Tex. Admin Code § 749.2815 (a through b) (Mar. 9, 2018).

For 13 foster homes where quarterly monitoring visits were conducted, Benchmark:

- Conducted at least one home visit with all household members present
- Ensured the monitoring forms were fully documented
- Obtained both foster parents' signatures, when applicable

However, Benchmark did not conduct all visits as required or ensure a supervisor approved all visit documentation. Of the 14 foster homes tested for required quarterly monitoring visits:

- One foster home (7 percent) did not receive any required quarterly monitoring visits. That foster home was active from September 2019 through January 2020.
- Seven foster homes (50 percent) received some, but not all, of the required quarterly monitoring visits.
- Six foster homes (43 percent) received all required quarterly monitoring visits.

Benchmark did not conduct two unannounced quarterly monitoring visits, as required, for 5 out of 12 (42 percent) applicable foster homes tested. Additionally, Benchmark required a supervisory review for all quarterly monitoring visits; however, for 4 of 13 (31 percent) foster homes where quarterly monitoring visits were conducted, it did not ensure a supervisor reviewed and approved the visit documentation.

As discussed in Issue 1, the data management system Benchmark used to track due dates for monitoring visits did not automatically generate notifications to case managers when an item was due, although a manual notification could be generated for items due. Not having (a) notifications automatically generated or (b) a stronger process to routinely utilize manual notifications, increased the risk of not completing required monitoring visits timely.

Monitoring visits are important for Benchmark to ensure foster homes are complying with DFPS requirements and to ensure any potential issues are identified in a timely manner. Not consistently performing quarterly monitoring visits in accordance with TAC, increases the risk that Benchmark will fail to (a) ensure that foster homes comply with DFPS requirements, (b) identify circumstances that could put the children in the foster home at risk, and (c) identify areas in which the foster parents may need additional resources to meet the needs of the children in its care.

## CONCLUSION

At its Dallas and San Antonio offices, Benchmark did not have effective processes and controls related to completing service plans and foster home monitoring to ensure it consistently provided foster care services in accordance with selected contract terms, including rules of Title 26 of TAC Chapter 749. Specifically:

- Benchmark did not provide documentation to show that it consistently completed preliminary and initial service plans in accordance with applicable TAC requirements.
- Benchmark did not provide documentation to support that it consistently monitored foster homes in accordance with TAC requirements.

The non-payroll expenditures tested were allowable, supported, and accurately recorded in accordance with cost reporting requirements. Additionally, Benchmark ensured that foster parents were paid in accordance with DFPS requirements.

The contract with Benchmark ended on May 31, 2021; therefore, OIG Audit did not make any recommendations in this report. However, the results of the audit were distributed to DFPS Child Protective Services, DFPS Purchased Client Services, and the HHSC Residential Child Care Regulation divisions for consideration.

OIG Audit thanks management and staff at Benchmark for their cooperation and assistance during this audit.

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## Appendix A: Methodology, Data Reliability, Sampling, and Criteria

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### Methodology

OIG Audit issued an engagement letter to Benchmark on February 24, 2021, to provide information about the audit and conducted fieldwork from March 1, 2021, through July 9, 2021.

To accomplish the audit objective, auditors conducted interviews with Benchmark management and staff and reviewed:

- The contract between DFPS and Benchmark.
- Benchmark’s policies and procedures relevant to service plans, foster home monitoring, and non-payroll expenditures.
- Benchmark’s system of internal controls, including components of internal control,<sup>10</sup> significant within the context of the audit objectives.
- Benchmark’s child files, including completed service plans.
- Benchmark’s foster home monitoring files and records for payments to foster parents.
- Benchmark’s 2019 cost report and supporting documentation.
- Benchmark’s financial records and supporting documentation.

### Data Reliability

To assess the reliability of data sets related to non-payroll expenditures, foster children, and foster homes, auditors (a) analyzed the data sets and query language for reasonableness and completeness, (b) reviewed existing information about the data and compared it to outside sources, and (c) interviewed DFPS and Benchmark staff knowledgeable about the data. Auditors determined the data was sufficiently reliable for the purposes of this audit.

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<sup>10</sup> For more information on the components of internal control, see the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf> (accessed Apr. 16, 2021).

## Sampling Methodology

Auditors selected nonstatistical samples related to (a) non-payroll expenditures, including foster parent payments, (b) service plans, and (c) foster home monitoring testing primarily through random and risk-based selections. The sample items were generally not representative of the populations; therefore, it would not be appropriate to project the test results to the populations.

## Criteria

The OIG Audit and Inspections Division used the following criteria to evaluate the information provided:

- 1 Tex. Admin. Code § 355 (2018)
- 26 Tex. Admin. Code § 749 (2018)
- 2019 Cost Report Instructions for 24RCC, HHSC (2020)
- 24-Hour Residential Child Care Requirements: 24 Hour Residential Child Care Program, DFPS (2019)

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## Appendix B: Benchmark Management Response Letter

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### Management Response

Benchmark Family Services is a network of professional, therapeutic foster homes and committed staff with the goal of providing stable out-of-home placements for children in need. We work alongside child welfare agencies to provide stable care to youth in the least restrictive setting possible, as they work toward their goals. The results we see in the youth that are placed in our care encourage us to carry on in our mission to give even the most troubled kids a second chance.

Benchmark operated 11 locations in the State of Texas, as a child placing agency, under a residential child care contract with the Texas Department of Family and Protective Services (DFPS). This audit is a sample of two of the 11 offices Benchmark operated throughout the State of Texas. Benchmark doesn't dispute these findings; however, these findings do not accurately represent the great work that foster parents in both San Antonio and Dallas Texas provided to children and families in need. This audit also does not reflect the plan Benchmark implemented to address reported issues.

1. Benchmark Family Service created and implemented a new training curriculum for all Staff and Foster Parents to ensure that processes were adhered to and followed. March 2021.
2. Benchmark Family Services hired and trained new leadership for our San Antonio and Dallas locations. March 2021.
3. Benchmark Family Services mandated that all leadership obtain their LCPAA by May 2021.
4. Benchmark Family Services provided extra administrative staff, to each office, for the sole purpose of ensuring quality and implementation of services to the children and families we served. March 2021.

Since 2010 Benchmark Family Services has served approximately 6,300 children with the State of Texas, of which approximately 600 were adopted. Since 2010, Benchmark has favorably discharged approximately 4,500 youth from care, resulting in a 73 percent favorable discharge rate, which reflects the percentage of children being reunified with their biological families or adopted.

On April 19, 2021, Benchmark made the decision to terminate our RCC/Foster Care contract with DFPS, effective May 31, 2021.

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## Appendix C: Report Team and Distribution

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### Report Team

OIG staff members who contributed to this audit report include:

- Kacy J. VerColen, CPA, Deputy Inspector General of Audit and Inspections
- Tammie Wells, CIA, CFE Audit Director
- Viviana Iftimie, MSA, CFE, CTC, PMQ, Audit Project Manager
- Jude Ugwu, CFE, CRMA, CICA, MBA, Senior Auditor
- Sonja Murillo, Staff Auditor
- Raquel Cortez, Associate Auditor
- Karen Mullen, CGAP, Quality Control Manager
- Mo Brantley, Senior Audit Operations Analyst

### Report Distribution

#### Health and Human Services

- Cecile Erwin Young, Executive Commissioner
- Kate Hendrix, Chief of Staff
- Maurice McCreary, Jr., Chief Operating Officer
- Victoria Ford, Chief Policy and Regulatory Officer
- Karen Ray, Chief Counsel
- David Kostroun, Deputy Executive Commissioner for Regulatory Services
- Nicole Guerrero, Director of Internal Audit

#### Department of Family and Protective Services

- Jaime Masters, Commissioner
- Trevor Woodruff, Deputy Commissioner
- William Walsh, Director of Child Protective Services Purchased Client Services

- Deneen Dryden, Associate Commissioner for Child Protective Services
- Chance Watson, Director of Internal Audit

Benchmark Family Services, Inc.

- Anthony Dill, Executive Director
- Dale Hartzog, President
- Doug Radel, Secretary
- Jess Masem, Board Member
- James Maxwell, Board Member
- Heather Nawman, Board Member
- Scott Silver, Board Member
- William Wallz, Board Member

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## Appendix D: OIG Mission, Leadership, and Contact Information

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The mission of OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Inspector General
- Susan Biles, Chief of Staff
- Dirk Johnson, Chief Counsel
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Juliet Charron, Chief of Strategy
- Steve Johnson, Chief of Investigations and Reviews
- Audrey O'Neill, CIA, CFE, CGAP, Chief of Audit and Inspections

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### To Contact OIG

- Email: [OIGCommunications@hhs.texas.gov](mailto:OIGCommunications@hhs.texas.gov)
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