

**TEXAS HEALTH AND HUMAN SERVICES COMMISSION**  
**INSPECTOR GENERAL**

**AUDIT OF CHILDREN'S HOPE  
RESIDENTIAL SERVICES, INC.**

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*Residential Child-Care Contracts with the Texas  
Department of Family and Protective Services*



**November 30, 2017**

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## INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Inspector General (IG) Audit Division has completed an audit of the Residential Child-Care Contracts between the Department of Family and Protective Services (DFPS) and Children's Hope Residential Services, Inc. (Children's Hope).

In February 2016, DFPS removed 88 children from Children's Hope's Lubbock and West Avenue campuses. After allegations of misuse of DFPS contract funds by the administrator of Children's Hope, the IG Audit Division initiated an audit of this provider. DFPS also issued an abeyance letter dated February 3, 2016, to remove the chief executive officer from its residential treatment center contracts and restrict his involvement in the operations of the facilities.

This report details the results of the audit of four Children's Hope contracts with DFPS for residential treatment centers<sup>1</sup> and child placement agencies.<sup>2</sup> Payments for services provided under these contracts are based on a daily rate for a particular level of service per child, similar to a fee-for-service contract. These contracts provided approximately \$12.3 million in funding to Children's Hope during the period of September 1, 2015, through February 28, 2017, the scope of the audit. Table 1 shows the funding of each contract over the period. Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31.

**Table 1: Children's Hope Contracts with DFPS September 2015 Through February 2017**

Purpose	Contract Number	Status	Start	End	Contract Amount
Residential Treatment Center	23870821	Expired	3/1/2011	8/31/2016	\$ 1,310,113.20
Residential Treatment Center	24010446	Active	5/1/2012	8/31/2017	1,215,723.73
Residential Treatment Center	23309661-998	Active	3/1/2013	8/31/2017	1,788,311.59
Child Placing Agency	24104704	Active	1/1/2008	8/31/2017	7,983,430.47
Total					\$12,297,578.99

Source: Health and Human Services Contract Administration Tracking System

<sup>1</sup> A 24-hour residential treatment center is a general residential operation for 13 or more children or young adults that exclusively provides treatment services for children and young adults with emotional disorders. The residential treatment centers are referred to as residential child care facilities in the contracts.

<sup>2</sup> A child-placing agency is a person, including an organization, other than the parents of a child who plans for the placement of or places a child in a child care operation or adoptive home. The agency is a licensed residential child care operation that may verify and regulate its own homes subject to DFPS minimum standards.

## Objectives

The objectives of the audit were to determine whether:

- State funds were used as intended for:
  - Maintenance and repair expenses at the residential treatment centers
  - Payments made to foster parents based on service level per child
- Children’s Hope performed in accordance with contract requirements for:
  - Supervision of children and oversight of foster parents
  - Performance of quarterly clothing inventories
  - Documentation of therapy services recommended per the service plan

## Background

DFPS contracts with about 300 licensed residential treatment centers throughout the state to obtain substitute care<sup>3</sup> for children in DFPS’s temporary managing conservatorship.<sup>4</sup> Through these contracts, DFPS establishes the qualifications, standards, services, and expectations for residential treatment centers, also known as 24-hour child care facilities.

DFPS has 17 residential contract managers who assess, monitor, and manage these contracts throughout Texas. Residential contract managers serve as liaisons between DFPS field staff and providers to improve communication, gather input, and resolve conflicts.

DFPS contracts with a third party to conduct initial assessments of the children before they are placed in residential treatment centers or with foster parents by the child placing agencies. These assessments are then used to determine the appropriate level of service (basic, moderate, specialized, or intense)<sup>5</sup> for each child, depending on his or her service needs.

For the audit period, Children’s Hope was licensed and operated three 24-hour residential treatment centers, one located in Lubbock and two in Levelland, Texas. The facility located on West Avenue in Levelland, Texas discontinued operations after all children were removed from that facility in February 2016, and the

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<sup>3</sup> “Substitute care” refers to care for children who are living in a DFPS out-of-home placement. It does not include children living in a return and monitor placement.

<sup>4</sup> “Temporary managing conservatorship” is a court-ordered condition giving DFPS the right to have physical possession of the child along with specific responsibilities including but not limited to the duty of care, control and protection of a child, the right to designate the primary residence of the child, and the right to make decisions concerning the child’s healthcare and education.

<sup>5</sup> DFPS Residential Child-Care Contract, Attachment C: Service Level Descriptions (Sept. 2015) and (Sept. 2016).

property was sold. Table 2 lists information about the facilities and the number of beds for children ages 5 to 17. Per Children’s Hope residential treatment center policies, children younger than 5 or older than 17 are not served.<sup>6</sup>

**Table 2: Children’s Hope Facilities and Number of Beds**

Facility	Location	Girls	Boys	Total Beds	Status
Washington	Levelland	20	0	20	Open
Canyon Lakes	Lubbock	24	15	39	Open
West Avenue	Levelland	24	24	48	Closed

Source: IG Investigative Report, Case #17723-16

Children’s Hope also serves as a child placing agency under a DFPS contract. The child placing agency is responsible for placing children with foster parents properly screened through the DFPS process. Table 3 shows the number of children served at Children’s Hope, by contract type, in 2015 and 2016.

**Table 3: Services Provided to Children**

Contract	Type of Service	Total Children (2015)	Total Children (2016)
Residential	24-hour facilities	455	625
Child Placing Agency	Foster parent homes	455	954
Total		910	1,579

Source: DFPS Residential Contracts Division

The DFPS License Division and the DFPS Contract Division conducted 179 monitoring inspections of Children’s Hope residential treatment centers between 2015 and 2017. During these visits, DFPS identified a total of 97 deficiencies of license standards. In addition, DFPS conducted 21 inspections of the child placing agency and noted 5 deficiencies.

The IG Audit Division conducted this audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

The IG Audit Division presented preliminary audit results, issues, and recommendations to Children’s Hope in a draft report dated November 9, 2017. Children’s Hope provided responses to the audit recommendations, and the action plans are included in the report following each recommendation. Full management responses from Children’s Hope are included in Appendix C.

<sup>6</sup> Children’s Hope Residential Services, Inc., Policy Manual, p. 10 (June 15, 2016).



















minimum payments were made to foster parents based on days of care and service level.<sup>23</sup> Test results indicated that Children's Hope did not pay foster parents for the correct service level and days of care in seven instances.

### **Noncompliance with DFPS Requirements**

Of the seven exceptions identified, one represented noncompliance with DFPS requirements. This single exception resulted in a \$10.50 underpayment associated with one foster child. The foster parents were paid for 14 days of care instead of the 15 days the child was in the home.

### **Noncompliance with Children's Hope Internal Policy**

The remaining six exceptions involved noncompliance with Children's Hope's internal payment policy. Three of these exceptions represented overpayments to two sets of foster parents in the amount of \$1,056, and were the result of payments being processed based on a higher service level. The remaining three exception payments were processed using a basic instead of moderate service level, which resulted in an underpayment to the foster family. The case manager identified the underpayment errors, and Children's Hope issued a corrective payment. However, the corrective payment was short one day, resulting in continued underpayment of \$19.

By not ensuring that the appropriate payments were made, Children's Hope underpaid one foster family by \$10.50, per DFPS standards. Additionally, Children's Hope did not comply with internal policies, resulting in an underpayment of \$19. Management at Children's Hope indicated that discrepancies were the result of errors made by staff when manually entering information into the Extended Reach system.

### **Recommendation 3**

Children's Hope should ensure correct payments are made to foster parents in accordance with DFPS contract requirements and Children's Hope policy, through the development and implementation of internal controls surrounding manual and automated payment processes.

### **Management Response**

#### Action Plan

*Children's Hope had relied on Extended Reach Client Information System for the financial data. Due to the findings of this audit, Children's Hope has directed the financial team to review each child's Youth For Tomorrow level of care letter, placement authorization form and discharge form when applicable, to ensure*

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<sup>23</sup> DFPS Residential Child-Care Contract, § 37 (Sept. 2015) and (Sept. 2016).

*accurate data input of Level of Care and Date of Services. All new placements will be forwarded to the financial clerk in charge of DFPS billing to ensure that the financial team is not relying on the Information system solely for its information.*

*The Auxiliary Director will educate financial clerk on receiving information from Area Directors on new admissions in the form of YFT level of Care letter and placement authorization form to ensure proper billing. The information collected will be verified with Extended Reach. When a discrepancy is found, an email will be sent to the Area Director to fix the data error in the information system.*

*The State Wide Director will educate the CPA area directors to send new admission paper work in the form of the YFT level of care letter and the placement authorization letter to the financial clerk responsible for CPA billing. Educate Area directors when and if they receive an email from the financial clerk of an error, that the Area director update the Extended Reach information system with the correct level of care or date of service.*

Responsible Managers

*Auxiliary Director and State Wide Director*

Target Implementation Date

*December 1, 2017*

## **INTERNAL CONTROL ENVIRONMENT**

Children's Hope underwent a significant reduction in workforce in February 2016, subsequent to the removal of children by DFPS. At the time of the audit, Children's Hope had a total of five administrative staff working at the corporate office.

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### **Issue 4: Children's Hope Did Not Maintain a Strong Internal Control Environment**

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Children's Hope did not have a strong internal control environment at the time of the audit. Accounting and business processes were manual, duties were not fully segregated, and the senior vice president's ability to review, approve, and reconcile transactions was limited by physical access.

Children's Hope used manual paper processes for many of its accounting and business needs. Requests for disbursements, repairs, time sheet reconciliations, and travel requests originated as paper forms. While these manual processes were designed to have levels of review, the audit team observed that review and approval often occurred after a purchase or repair had been completed. The circumvention

or delay of review and approval indicated that the controls around these processes were not well designed.

Children's Hope financial policy manual states that "Proper controls and balances should be maintained within each facility by segregating duties for processing checks received, deposits, and postings."<sup>24</sup>

Accounting responsibilities were distributed across three individuals: the director of auxiliary services, the director of accounting, and the senior vice president. The director of accounting did the majority of the accounting, and the senior vice president primarily provided approval and reconciliations. Because the majority of accounting functions were split between two individuals, true segregation of duties had not been achieved.

In addition, the senior vice president could only access the accounting software by using the chief executive officer's computer. This hindered the senior vice president's ability to act as a timely detection element in the accounting process.

The absence of appropriate separation of duties creates opportunities for collusion, circumvention of authorization and approval controls, and a high risk of misappropriation of funds or fraud.

#### **Recommendation 4**

Children's Hope should:

- Implement compensating controls to account for manual business processes and the lack of segregation of duties inherent to a small business, and consider including other staff to further segregate duties. If sufficient compensating controls are not implemented, Children's Hope board of directors should formally accept the risk.
- Install the accounting software on the senior vice president's computer.

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<sup>24</sup> Children's Hope Residential Services, Inc., Financial Policy Manual.



## **Management Response**

### Action Plan

*Children's Hope<sup>25</sup> has updated its financial policy to include authorization for the food service manager to be able to purchase emergent raw food supplies up to \$500.00 per time, so to ensure the well-being of children and bypass the usual request process.*

*Children's Hope has updated its financial policy to include authorization for the Maintenance employee to be able to purchase emergent maintenance supplies up to \$500.00 per time, so to ensure the well-being of children and bypass the usual request process.*

*The CEO or its designee performs an on-going review of financials to mitigate some limits on segregation of duties due to the size of the financial team.*

*The Board President will begin to perform a monthly financial review to further mitigate some limits on segregation of duties due to the current size of the financial team.*

*The Auxiliary Director will educate food services manager and maintenance employee on the updated system of emergent work orders and raw food purchasing.*

*CEO or its designee and the Board president will perform a quarterly audit trail on performed tasks to ensure controls and policies are being followed as it relates to data in the financial information system.*

*The Board President will begin monthly financial review.*

*The IT technician will install a separate user account on the CEO office computer so that its designee may access the financial information system software at times that other users may be absent.*

### Responsible Managers

*Chief Executive Officer, Board President, and Auxiliary Director*

### Target Implementation Date

*December 1, 2017*

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<sup>25</sup> The provider's full management response is included in Appendix C.

## CONCLUSION

The IG Audit Division completed an audit of Children's Hope Residential Services, Inc. The audit included an evaluation of the performance of residential treatment centers and the child placing agency from September 1, 2015, through February 28, 2017, to determine whether:

- State funds were used as intended on maintenance and repair expenses at the residential treatment centers, and payments were made to foster parents based on a documented service level per child.
- Children's Hope performed in accordance with contract requirements for supervision of children and oversight of foster parents, conducting quarterly clothing inventories, and documenting therapy services in compliance with a service plan.

The audit included site visits at the Children's Hope offices in Lubbock and Levelland, Texas, during March and May 2017.

DFPS and Children's Hope share accountability for ensuring that state funds are used effectively to care for the needs of children placed in the residential treatment centers and with foster parents. The IG Audit Division reviewed Children's Hope's performance by testing the following:

- Expenses for maintenance and repairs
- Children's case file documentation (including foster parents backgrounds and child clothing inventories)
- Child-to-caregiver ratios on daily basis
- Children's service plans and therapy notes
- Child Placing Agency payments to foster parents
- Internal control environment

Audit results indicated that Children's Hope:

- Completed maintenance and repairs for the work orders sampled at the Lubbock facility and the remaining Levelland facility
- Documented foster parent background checks appropriately
- Documented and maintained clothing inventories as required

Results also indicated that Children's Hope did not:

- Ensure child-to-caregiver ratios were sufficient to meet requirements
- Review and update service plans according to required intervals

- Pay foster parents accurate amounts for children's service level
- Have a strong internal control environment

The IG Audit Division offered recommendations to Children's Hope which, if implemented, will ensure:

- Supervision of children is adequate and supported by sufficient documentation
- Service plans are reviewed and updated timely
- Foster parents are paid correctly
- Controls are implemented to enhance its general control environment

The IG Audit Division thanks management and staff at DFPS and Children's Hope for their cooperation and assistance during this audit.

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## Appendix A: Objective, Scope, and Methodology

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### Objective

The objectives of this audit were to determine whether:

- State funds were used as intended for:
  - Maintenance and repair expenses at the residential treatment centers
  - Payments made to foster parents based on service level per child
- Children's Hope performed in accordance with contract requirements for:
  - Supervision of children and oversight of foster parents
  - Performance of quarterly clothing inventories
  - Documentation of therapy services recommended per the service plan

### Scope

The scope of the audit of Children's Hope Residential Services, Inc. included the period from September 1, 2015, through February 28, 2017.

### Methodology

To accomplish its objectives, the IG Audit Division collected information for this audit through discussions and interviews with responsible management and staff at Children's Hope and DFPS, and through request and review of the following information.

- Expenses for maintenance and repairs from the general ledger and work order forms
- Foster parent background checks
- Clothing inventories for children
- Time card reports and daily reconciliation forms
- Service plans and therapy services documentation
- DFPS provider statements

The IG Audit Division team conducted a preliminary planning site visit on March 28 and 29, 2017, to interview responsible personnel and review relevant documents related to the contracts and license requirements. The IG Audit Division issued an engagement letter to Children's Hope on May 12, 2017, providing information about the upcoming audit, and conducted fieldwork at Children's Hope facilities in Lubbock and Levelland, Texas, on May 15, 2017, through May 18, 2017.

## Criteria

The IG Audit Division used the following criteria to evaluate the information provided:

- 2 Tex. Hum. Res. Code §42.042(e) (Apr. 2, 2015)
- 40 Tex. Admin Code §746.105(11) (Dec. 1, 2012)
- 40 Tex. Admin. Code §748 (Jan. 1, 2007) through (Jan. 1, 2017)
- 40 Tex. Admin. Code §749 (Jan. 1, 2007) through (Jan. 1, 2017)
- Residential Child-Care Contract – General Residential Operations #23309661-998 (Aug. 31, 2015)
- Residential Child-Care Contract – General Residential Operations #23870821 Amendment #1(Aug. 31, 2015) and Amendment #2 (Sept. 4, 2015)
- Residential Child-Care Contract – General Residential Operations #24010446 (Aug. 31, 2015) and Amendment #1 (Sept. 4, 2015)
- Residential Child-Care Contract – Child Placing Agency # 24104704 Amendment #1 (Sept. 4, 2015)
- Children’s Hope Residential Services, Inc., Financial Policy Manual

## Auditing Standards

The IG Audit Division conducted this audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the issues and conclusions based on our audit objectives. The IG Audit Division believes the evidence obtained provides a reasonable basis for our issues and conclusions based on our audit objectives.

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## Appendix B: Sampling Methodology

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### Expenses for Maintenance and Repairs

The testing included a judgmental selection of maintenance and repairs transactions from Children's Hope's general ledger. The audit team selected the 15 largest dollar value transactions and determined whether the transactions were supported by the documentation, including invoices. An additional test included a haphazard selection of 15 work order forms, for which a walkthrough was performed to determine whether repairs were completed.

### Supervision Ratio Testing

The IG Audit Division reviewed a judgmental sample of three-day periods at the three facilities. Auditors first identified the number of staff available and the number of children present according to records provided by Children's Hope. Initial child-to-caregiver ratios were calculated by dividing the total census hours, per month per facility, by the total available staff hours per month per facility. Periods of three consecutive days during four different months within the audit scope period were judgmentally selected from among the calculated results. The sample represented all three residential treatment centers.

### Service Plans and Case File Documentation

#### Residential Treatment Center

During the scope of the audit, there were a total of 53 children placed at the Washington campus in Levelland. Case file documentation for ten children was haphazardly selected for testing to determine whether children assessed at intense, specialized, and moderate service levels were included.

The testing of service plans and case file documentation for these children included reviews and updates to service plans, number of prescribed therapies, and clothing inventories.

#### Child Placing Agency

Of the 97 children Children's Hope placed with foster families during the audit scope period from September 1, 2015, through February 28, 2017, 17 were still active and receiving support through Children's Hope as of February 28, 2017. The IG Audit Division reviewed a haphazard sample of 10 of these 17 children, selected to include children who were assessed at the specialized, moderate, and basic service levels at the Lubbock child placing agency.

The testing of the sample from the Lubbock child placing agency included (a) reviews and updates to service plans, (b) number of prescribed therapies, (c) clothing inventories, (d) background checks and financial status reviews for prospective foster parents, and (e) the monitoring visits of the children placed with foster parents.

### **Foster Parent Payment Testing**

During the scope of the audit there were a total of 97 children placed through the Lubbock child placing agency. The IG Audit Division selected payments for 15 of the 17 children who were still active and receiving support through Children's Hope.

Payments for two months of service were selected for each child, for a total of 30 payments. The assessed service levels for 3 of the 15 children selected changed during the period audited, and the months used for testing those children were selected to reflect payments at both service levels. Testing was expanded by two months, for a total of 32 payments, to fully vet preliminary results.

The IG Audit Division reconciled Children's Hope and DFPS records to evaluate whether minimum payments were made to foster parents based on days of care and service level.

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## Appendix C: Children's Hope Full Management Responses

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### Issue 1: Children's Hope did not always meet required child-to-caregiver ratio.

#### Management Response:

Children's Hope Residential Services, Inc. management work tirelessly to ensure that minimum ratios are met per the RCCL standards. Children's Hope utilized exempt salaried employees to stand in for ratio when unexpected situations would arise that prohibited a non-exempt, hourly child care staff worker to be present. Documentation had not been developed to capture these exempt salaried employees in the ratio consistently before the audit was conducted and such Children's Hope was not able to fully provide documentation that ratio was held during the sample periods that the Inspector General's Office reviewed. Children's Hope has never been required to show in detail how ratio was covered for specific time periods and thus was ill prepared with sufficient documentation to be able to illustrate the work completed was compliant.

#### Action Plan:

Children's Hope has developed a Daily Reconciliation Form for the purposes of measuring ratio. This form has the ability to capture exempt, salaried employees who fill in for direct care staff when needed. All employees have the required training to fill in as a direct care staff, with the exception of maintenance and food services staff. Job descriptions of these employees have been modified to include that direct care work may be required from time to time. The program policy manual has also been amended to include the RCCL ratio standards and what to do, if the standard is out of compliance.

Stephanie Powell, V.P. Residential Services – Educate the Administrators of DRF system and educate the Administrators on what to do if employee finds themselves out of ratio.

Tamara Golden, Auxiliary Director – Update policy manual to include the addition of RCCL rules on ratio and what staff must do when they find themselves out of compliance, Update DRF to include Exempt salaried employees who stand in for ratio, Update job descriptions of exempt, salaried employees to include that they may have to provide child care services from time to time.

#### Target Implementation Date:

07/01/2017



**Issue 2: Children's service plans were not always reviewed and updated timely.**Action Plan:

Children's Hope utilizes Extended Reach Client Information System. The system has a tracking feature that reminds the user that a service plan is coming due and when it is out of compliance.

Staff will be trained on the information system to better understand the tracking feature. Local Management will be tasked to better monitor their compliance tab on the information system, as the information system also alerts the manager that the employee has an upcoming task.

Melissa Wood, Senior V.P.– Educate the residential clinical directors on the Extended Reach tracking feature and management tracking tools.

Residential Clinical Directors – Educate case managers on the Extended Reach tracking feature to ensure continued compliance with service plan deadlines and will hold case managers accountable to ensuring proper deadlines are met.

Angela Nowell, State Wide Director – Educate the CPA area directors on the Extended Reach tracking feature and management tracking tools.

CPA Area Directors - Educate case managers on the Extended Reach tracking feature to ensure continued compliance with service plan deadlines and will hold case managers accountable to ensuring proper deadlines are met.

Target Implementation Date:

08/01/2017

**Issue 3: Children's Hope made incorrect payments to foster parents.**Action Plan:

Children's Hope had relied on Extended Reach Client Information System for the financial data. Due to the findings of this audit, Children's Hope has directed the financial team to review each child's Youth For Tomorrow level of care letter, placement authorization form and discharge form when applicable, to ensure accurate data input of Level of Care and Date of Services. All new placements will be forwarded to the financial clerk in charge of DFPS billing to ensure that the financial team is not relying on the Information system solely for its information.

Tamara Golden, Auxiliary Director– Educate financial clerk on receiving information from Area Directors on new admissions in the form of YFT level of

Care letter and placement authorization form to ensure proper billing. The information collected will be verified with Extended Reach. When a discrepancy is found, an email will be sent to the Area Director to fix the data error in the information system.

Angela Nowell, State Wide Director – Educate the CPA area directors to send new admission paper work in the form of the YFT level of care letter and the placement authorization letter to the financial clerk responsible for CPA billing. Educate Area directors when and if they receive an email from the financial clerk of an error, that the Area director update the Extended Reach information system with the correct level of care or date of service.

Target Implementation Date:

12/01/2017

**Issue 4: Children’s Hope did not maintain a strong internal control environment.**

Management Response:

Children’s Hope Residential Services, Inc. believes that it has numerous controls and balances in place to ensure segregation of duties through the manual forms in our agency that have been developed over the past 15 years in consultation with independent auditors, DFPS contract managers, SAO auditors, and other professionals in financial fields.

Requesting of funds for the use agency business requires the employee signature with the request form. The form is then presented to that employee’s supervisor, where in which an approval is required. If approved the form is then forwarded to the CEO or its designee for approval or denial. If approved the request is then forwarded to the Auxiliary Director for processing. Once processed into the financial information system, the CEO or its designee approves for payment and a check is generated. The check is then authorized and the stub of the check is reconciled with the request and supporting documentation.

Issue was taken with the financial information system having (4) users with similar capabilities. However segregation has been set up through the manual forms before the information is entered into the electronic system. The Auxiliary Director, nor the Accounting Director have check writing authority and have no access to checks. The CEO or its designee does have check writing authority, however reconciliation’s are performed by the CEO and a second member of the financial team, along with Board President review. Children’s Hope has three (3) computers that have the financial information software installed, which allows for firm controls on where financial data can be accessed and retrieved. In addition to the above controls, the financial information system does perform an audit trail for all

transactions performed. A quarterly review of that audit trail will be reviewed by the CEO or its designee in conjunction with the Board President.

A second issue in this area was brought to Children's Hope Attention, was pre-authorization for emergency food purchases and maintenance purchases. Children's Hope did not have a written policy for these types of purchases and the controls were weak due to this practice.

Action Plan:

Children's Hope has updated its financial policy to include authorization for the food service manager to be able to purchase emergent raw food supplies up to \$500.00 per time, so to ensure the well-being of children and bypass the usual request process.

Children's Hope has updated its financial policy to include authorization for the Maintenance employee to be able to purchase emergent maintenance supplies up to \$500.00 per time, so to ensure the well-being of children and bypass the usual request process.

The CEO or its designee performs an on-going review of financials to mitigate some limits on segregation of duties due to the size of the financial team. The Board President will begin to perform a monthly financial review to further mitigate some limits on segregation of duties due to the current size of the financial team.

Tamara Golden, Auxiliary Director– Educate food services manager and maintenance employee on the updated system of emergent work orders and raw food purchasing.

CEO or its designee and the Board president will perform a quarterly audit trail on performed tasks to ensure controls and policies are being followed as it relates to data in the financial information system.

Board President – Will begin monthly financial review.

(IT) technician will install a separate user account on the CEO office computer so that its designee may access the financial information system software at times that other users may be absent.

Target Implementation Date:

12/01/2017

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## Appendix D: Report Team and Distribution

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### Report Team

The IG staff members who contributed to this audit report include:

- Kacy J. VerColen, CPA, Audit Director
- Lisa Kanette Blomberg, CPA, CIGA, Audit Manager
- Maria M. Johnson, CFE, Audit Project Manager
- Sarah C. Warfel, CISA, IT Staff Auditor
- Aaron Christopher, Staff Auditor
- Mo Brantley, Senior Audit Operations Analyst

### Report Distribution

#### Health and Human Services

- Charles Smith, Executive Commissioner
- Cecile Erwin Young, Chief Deputy Executive Commissioner
- Kara Crawford, Chief of Staff
- Heather Griffith Peterson, Chief Operating Officer
- Karen Ray, Chief Counsel
- Karin Hill, Director of Internal Audit
- Michael Grisham, Community Access and Services Associate Commissioner and Administration
- Henry Whitman, Commissioner, DFPS
- Trevor Woodruff, Deputy Commissioner, DFPS
- Jean Shaw, Associate Commissioner, Child Care Licensing State Office
- Kristene Blackstone, Associate Commissioner, Child Protective Services State Office

Children's Hope Residential Services, Inc.

- Shirley Ward, Board President
- Stephanie Powell, Interim Executive Director
- Melissa Wood, Senior Vice President
- Angela Nowell, State Wide Director
- Tamara Golden, Auxiliary Director

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## **Appendix E: IG Mission and Contact Information**

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The mission of the IG 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 IG's mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Principal Deputy Inspector General
- Christine Maldonado, Chief of Staff and Deputy IG for Operations
- Olga Rodriguez, Senior Advisor and Director of Policy and Publications
- Roland Luna, Deputy IG for Investigations
- Brian Klozik, Deputy IG for Medicaid Program Integrity
- David Griffith, Deputy IG for Audit
- Quinton Arnold, Deputy IG for Inspections
- Alan Scantlen, Deputy IG for Data and Technology
- Judy Hoffman-Knobloch, Interim Deputy IG for Medical Services
- Anita D'Souza, Chief Counsel

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### **To Contact the Inspector General**

- Email: [OIGCommunications@hhsc.state.tx.us](mailto:OIGCommunications@hhsc.state.tx.us)
- Mail: Texas Health and Human Services Commission  
Inspector General  
P.O. Box 85200  
Austin, Texas 78708-5200
- Phone: 512-491-2000