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August 2025

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

**DEPARTMENT OF  
CHILDREN AND FAMILIES**

Community-Based Care Lead Agencies'  
Procurement of and Financial Arrangements  
for Child Welfare Services



Sherrill F. Norman, CPA  
Auditor General

## **Department of Children and Families and Community-Based Care Lead Agencies**

The Department of Children and Families is established by Section 20.19, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor and subject to confirmation by the Senate. During the period of our audit, Shevaun Harris served as Department Secretary.

Pursuant to Section 409.986(1)(a), Florida Statutes, the Department contracts with Community-Based Care Lead Agencies (CBCs) and has established a Statewide network to manage and deliver foster care and related services. The two CBCs included within the scope of this audit and the respective CBC heads who served during the period of our audit were:

### **Community-Based Care Lead Agencies**

Children's Network of Southwest Florida, LLC

Nadereh Salim, Chief Executive Officer

St. Johns County Board of County Commissioners

Shawna Novak, Health and Human Services Director

Family Integrity Program

The Auditor General conducts audits of government entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Kathryn M. Conner, CPA, and the audit was supervised by David Welling, CPA.

Please address inquiries regarding this report to Samantha Perry, CPA, Audit Manager, by e-mail at [samanthaperry@aud.state.fl.us](mailto:samanthaperry@aud.state.fl.us) or by telephone at (850) 412-2762.

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# DEPARTMENT OF CHILDREN AND FAMILIES

## Community-Based Care Lead Agencies' Procurement of and Financial Arrangements for Child Welfare Services

### SUMMARY

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State law<sup>1</sup> specifies that, upon notification by the Department of Children and Families (Department), the Auditor General is to conduct an operational audit of any Community-Based Care Lead Agency (CBC) approved by the Department to directly provide more than 40 percent of all child welfare services. Such audits are to examine the CBC's procurement of and financial arrangements for child welfare services. Pursuant to a January 2025 request by the Department, this operational audit focused on the procurement of and financial arrangements for child welfare services by the Children's Network of Southwest Florida, LLC (CNSWFL) and the St. Johns County Board of County Commissioners Family Integrity Program (FIP), as well Department oversight thereof. Our audit disclosed the following:

**Finding 1:** Department records did not evidence review of and discussion regarding all pertinent documentation supporting the basis for exemptions granted to CNSWFL and FIP to directly provide more than 35 percent of child welfare services.

### BACKGROUND

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Pursuant to State law,<sup>2</sup> the Department of Children and Families (Department) contracts with Community-Based Care Lead Agencies (CBCs) to provide child protection and child welfare services. State law<sup>3</sup> specifies that the Department, in consultation with local communities, is to establish in each county a community alliance of the stakeholders, community leaders, and client representatives and funders of human services to provide a focal point for community participation and governance of community-based services. State law<sup>4</sup> establishes the duties of and general provisions governing CBCs, including authorizing CBCs to subcontract for the provision of services and restricting CBCs from directly providing more than 35 percent of all child welfare services unless statutory requirements are satisfied. Effective July 1, 2020, State law<sup>5</sup> provided that the direct child welfare services threshold could not be exceeded unless the CBC could demonstrate a need, within the CBC's geographic service area, to exceed the threshold. The local community alliance in the geographic service area in which the CBC was seeking to exceed the threshold was to review the CBC's justification for need and recommend to the Department whether the Department should approve or deny the CBC's request for an exemption from the services threshold. Effective July 7, 2023, the Department established policies and procedures<sup>6</sup> that provided guidance regarding how CBCs may request an exemption to exceed the statutory 35 percent threshold for the direct provision of child welfare services. The policies and procedures also

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<sup>1</sup> Section 409.988(1)(j)3., Florida Statutes.

<sup>2</sup> Section 409.986(1)(a), Florida Statutes.

<sup>3</sup> Section 20.19(5), Florida Statutes.

<sup>4</sup> Section 409.988, Florida Statutes.

<sup>5</sup> Section 409.988(1)(j), Florida Statutes.

<sup>6</sup> CFOP 170-16, Chapter 9, *CBC Direct Services Exemption Process*.

outlined the documentation required from CBCs and the Department's process for reviewing and issuing final exemption request decisions.

Effective July 1, 2024, State law<sup>7</sup> was revised to specify that a CBC directly providing more than 35 percent of all child welfare services must demonstrate that the CBC's geographic service area lacks qualified providers available to perform the necessary services and to limit the approval period for an exemption to 2 years. To receive Department approval, a CBC must create and submit to the Department, through the CBC's local community alliance, a detailed report of all efforts to recruit a qualified provider to perform the necessary services in the CBC's geographic service area. Additionally, State law<sup>8</sup> was revised to require the Auditor General, upon notification by the Department, to conduct an operational audit of any CBC approved by the Department to directly provide more than 40 percent of all child welfare services and to specify that the audit examine the CBC's procurement of and financial arrangements for providing such services. On January 3, 2025, the Department requested an operational audit of Children's Network of Southwest Florida, LLC (CNSWFL) and the St. Johns County Board of County Commissioners Family Integrity Program (FIP).

### CNSWFL

After approval by the applicable local community alliances, CNSWFL submitted an exemption request to the Department on September 21, 2023, and obtained Department approval of the exemption on December 21, 2023. According to the Department's approval memorandum, in December 2017, one of CNSWFL's contracted organizations providing dependency case management services gave 50 days' notice of canceling their contract. Consequently, due to the limited time to procure other service providers, CNSWFL transitioned the services to CNSWFL's parent organization, Camelot. The Department found that, "due to factors beyond the control of CNSWFL, they were forced to bring services in-house to stabilize case management services" and to avoid a disruption of services to the children in care. Subsequent to the cancellation of the contract, the CNSWFL has continued with a child welfare services model that was developed in response to the cancellation. As a result, the percentage of child welfare services provided directly by CNSWFL was approximately 46 percent as of October 27, 2023, and for the 2023-24 fiscal year. According to CNSWFL management, the projected percentage of child welfare services directly provided by CNSWFL for the 2024-25 fiscal year was 49 percent.

### FIP

After recommendation by the local community alliance, FIP submitted an exemption request to the Department on December 20, 2023, and obtained Department approval of the exemption on December 21, 2023. According to FIP records and the Department's approval memorandum, FIP has provided dependency case management services in-house since its initial contract with the Department in 2004, and that the system of care has allowed for FIP to be "responsive, responsible, and laser-focused on the safety, permanency, and well-being of children through the direct provision of case management services and supports." For the 2022-23 and 2023-24 fiscal years, FIP provided approximately 78 percent and 67 percent, respectively, of child welfare services in their geographical service area.

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<sup>7</sup> Section 409.988(1)(j)2., Florida Statutes.

<sup>8</sup> Section 409.988(1)(j)3., Florida Statutes.

According to FIP management, the percentage of child welfare services directly provided by FIP during the period July through November 2024 was 72 percent.

As previously noted, statutory requirements regarding the submittal of and support for exemptions for the direct provision of child welfare services were revised after the Department's approval of the CNSWFL and FIP exemptions. Consequently, this audit focused on CNSWFL and FIP efforts to procure child welfare services, the calculations of and documentation supporting the percentage of child welfare services provided by CNSWFL and FIP for the 2023-24 fiscal year, whether records evidenced that there was a need within each of the CBC's respective geographic areas to exceed the threshold, and Department procedures for and documentation evidencing Department review and approval of the exemptions.

## ***FINDING AND RECOMMENDATION***

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### **Finding 1: Department Review of Exemptions**

As noted in the **BACKGROUND**, the Department approved the CNSWFL and FIP exemptions in December 2023. In 2023, State law<sup>9</sup> specified that no CBC was to directly provide more than 35 percent of all child welfare services unless the local community alliance recommended that the Department approve an exemption request and the CBC demonstrated a need, within its geographic service area, to exceed the threshold. Pursuant to Department policies and procedures,<sup>10</sup> if a CBC required an exemption from the 35 percent threshold, the CBC was to submit to the Department and local community alliance a memorandum detailing the justification of need. The memorandum was to include:

- A narrative description of reasons for requesting an exemption from the 35 percent direct child welfare services provision threshold, to include:
  - Services the CBC proposes to provide directly;
  - Current sub-contracted services and the entities that perform these services for the CBC; and
  - Any attempts the CBC made to avoid or reduce the need to exceed the 35 percent threshold.
- The current percentage of child welfare services provided by the CBC as calculated using the Child Welfare Services Calculation Template (CWS Template).
- The proposed percentage of child welfare services provided by the CBC as calculated using the CWS Template.
- Any collateral information important to the review and approval process.
- Any feedback or responses from community stakeholders the CBC had gathered.

Upon receipt of a written recommendation by a local community alliance, Department personnel were to review the recommendation, memorandum, and any collateral information submitted by the CBC and, within 10 days, determine whether the process had been followed and submit the materials to and meet with the Assistant Secretary for Child and Family Well-Being (Assistant Secretary) to discuss the

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<sup>9</sup> Section 409.988(1)(j), Florida Statutes (2023).

<sup>10</sup> CFOP 170-16, Chapter 9, *CBC Direct Services Exemption Process*.

recommendation. Upon review of all submitted materials, the Assistant Secretary was to draft and provide an official approval or denial letter to the CBC and the local community alliance.

As part of our audit, we inquired of Department management and inspected the memoranda and the recommendations by the local community alliances submitted to the Department associated with the CNSWFL and FIP exemptions approved on December 21, 2023. However, although we requested, the Department could not provide documentation evidencing Department review of the recommendations, CWS Templates, or memoranda submitted by CNSWFL and FIP justifying the need for an exemption, or that Department personnel met with the Assistant Secretary to discuss the recommendations. According to Department management, documentation evidencing review of the CNSWFL and FIP exemption requests was not maintained because documentation requirements were not specified in Department policies and procedures.

Absent documentation evidencing review of and discussion regarding all pertinent documentation supporting the basis for exemption requests, the Department cannot adequately demonstrate that exemptions for CBCs to directly provide more than 35 percent of child welfare services are properly granted in accordance with State law and Department management's expectations.

**Recommendation: We recommend that Department management enhance policies and procedures to require Department records evidence the review of and discussion regarding all pertinent documentation supporting exemptions for CBCs to exceed the statutory threshold for providing direct child welfare services.**

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2025 through May 2025 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.

This operational audit of the Department of Children and Families (Department) focused on the procurement of and financial arrangements for child welfare services by the Children's Network of Southwest Florida, LLC (CNSWFL) and the St. Johns County Board of County Commissioners Family Integrity Program (FIP), as well Department oversight thereof. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and

efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.

- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, Department, CNSWFL, and FIP policies and procedures and contract documents, and interviewed Department, CNSWFL, and FIP personnel to obtain an understanding of CNSWFL and FIP efforts to procure child welfare services and the Department's process for reviewing and approving direct child welfare service provision exemptions.
- Analyzed the Child Welfare Services Calculation Templates (CWS Templates) completed by CNSWFL and FIP for the 2023-24 fiscal year to determine whether the CWS Templates were complete, accurate, and supported by appropriate documentation.
- Inquired of FIP management and examined the records related to the two competitive procurement solicitations issued by FIP during the period July 2021 through December 2024 to obtain an understanding of FIP efforts to procure child welfare services.
- Inquired of CNSWFL management and examined the records related to the four procurement solicitations issued by CNSWFL during the period July 2021 through December 2024 to obtain an understanding of CNSWFL efforts to procure child welfare services.

- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the finding and recommendation that is included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

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Section 409.988(1)(j)3., Florida Statutes, requires that, upon notification by the Department of Children and Families, the Auditor General conduct an operational audit of any Community-Based Care Lead Agency approved by the Department to directly provide more than 40 percent of all child welfare services. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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**State of Florida  
Department of Children and Families**

**Ron DeSantis**  
Governor

**Taylor N. Hatch**  
Secretary

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August 22, 2025

Sherrill Norman  
Auditor General  
State of Florida Auditor General

Dear Ms. Norman:

The Department appreciates the opportunity to respond to the Auditor General's preliminary and tentative audit finding regarding the approval of exemptions for the Children's Network of Southwest Florida (CNSWFL) and the St. Johns County Board of County Commissioners Family Integrity Program (FIP) to directly provide more than 35 percent of child welfare services.

At the time these exemptions were approved (December 2023), the governing statutory framework in §409.988(1)(j), Florida Statutes (2023), and Department procedure (CFOP 170-16, Chapter 9) required the following:

1. The Community-Based Care (CBC) Lead Agency submit a memorandum of justification, including service calculations and stakeholder feedback, to the Department and the local community alliance.
2. The local community alliance review the justification and recommend approval or denial.
3. The Department review the submitted materials and issue a written approval or denial.

The Department complied fully with all statutory and procedural requirements when approving the CNSWFL and FIP exemptions, including issuing formal written approvals in each case. Neither statute nor Department policy then in effect required separate, formal documentation of internal review meetings or discussions beyond the official approval letter. Accordingly, while the Department's approval of the exemptions was consistent with statutory and procedural requirements in effect at the time, we acknowledge the value of the Auditor General's recommendation to strengthen documentation practices and have taken steps to incorporate these enhancements going forward. The Department agrees this will further support transparency and align with the heightened oversight expectations established by the 2024 amendments to §409.988, Florida Statutes, and welcomes continued collaboration with the Auditor General.

Sincerely,

A handwritten signature in black ink that reads "Taylor N. Hatch". The signature is written in a cursive style and is enclosed in a light gray rectangular box.

Taylor N. Hatch  
Secretary

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2415 North Monroe Street, Suite 400, Tallahassee, Florida 32303-4190

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