STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2027-044
November 2026

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, the following individuals served as Department Secretary:

Taylor Hatch	From March 1, 2025
Shevaun Harris	Through February 28, 2025

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 Family Integrity Program	Shawna Novak, Health and Human Services Director

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 David Welling, CPA, and the audit was supervised by Samantha Perry, CPA.

Please address inquiries regarding this report to Samantha Perry, CPA, Audit Manager, by e-mail at 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

State law[1] 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 Department request, 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. The audit also included a follow-up on the finding noted in our report No. 2026-015. Our audit disclosed the following:

Finding 1: As similarly noted in our report No. 2026-015, 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

Pursuant to State law,[2] 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[3] 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[4] establishes the duties of and general provisions governing CBCs, authorizes[5] CBCs to subcontract for the provision of services, and restricts[6] CBCs from directly providing more than 35 percent of all child welfare services unless a CBC can demonstrate that its geographic service area lacks qualified providers available to perform the necessary services.

To receive Department approval to directly provide more than 35 percent of all child welfare services, 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. The applicable local community alliance is to review the CBC's justification for need and recommend to the Department whether to approve or deny the request for an exemption.

[1] Section 409.988(1)(j)3., Florida Statutes.
[2] Section 409.986(1)(a), Florida Statutes.
[3] Section 20.19(5), Florida Statutes.
[4] Section 409.988, Florida Statutes.
[5] Section 409.988(1)(j)1., Florida Statutes.
[6] Section 409.988(1)(j)2., Florida Statutes.

Department policies and procedures[7] provided CBCs guidance for requesting an exemption to exceed the statutory 35 percent threshold for the direct provision of child welfare services, including outlining the documentation required from the CBCs and the Department's process for reviewing and issuing final exemption request decisions. Pursuant to State law,[8] the approval period for a Department exemption is limited to 2 years.

State law[9] requires 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 specifies that the audit examine the CBC's procurement of and financial arrangements for providing such services. In accordance with State law, the Department requested an operational audit of the June 2026 exemptions granted to the 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 and obtained Department approval for a 1-year exemption on June 9, 2026. According to the Department's approval memorandum, CNSWFL advised the Department that the primary driver of their need for the direct services provision exemption was related to case management functions performed by CNSWFL and CNSWFL's parent organization, Camelot Community Care. Due to the relationship between CNSWFL and Camelot Community Care, the services provided by Camelot Community Care are also directly provided services. CNSWFL further indicated to the Department that it had taken steps to reduce the direct service percentage through operational restructuring and consolidation of services, including centralization of placement functions and reductions in operations. The percentage of child welfare services provided directly by CNSWFL was approximately 49 percent for the 2023-24 fiscal year. CNSWFL reduced directly provided services to 44 percent for the 2024-25 fiscal year. The Department issued the 1-year exemption citing CNSWFL's continued efforts to reduce direct service provision through operational restructuring and provider engagement activities.

FIP

After recommendation by the local community alliance, FIP submitted an exemption request to the Department and obtained Department approval for a 1-year exemption on June 9, 2026. According to the Department's approval memorandum, FIP advised the Department that it continued to subcontract a variety of child welfare services through community providers while directly providing case management, adoption, licensing, placement, independent living, prevention, and related administrative oversight services. The percentage of child welfare services provided directly by FIP was approximately 67 percent for the 2023-24 fiscal year. FIP reduced directly provided services to 65 percent for the 2024-25 fiscal year. The Department issued the 1-year exemption citing FIP's efforts to expand subcontracted services within the local system of care.

[7] CFOP 170-16, Chapter 9, *CBC Direct Services Exemption Process*.

[8] Section 409.988(1)(j)2., Florida Statutes.

[9] Section 409.988(1)(j)3., Florida Statutes.

FINDING AND RECOMMENDATION

Finding 1: Department Review of Exemptions

As noted in the ***BACKGROUND***, the Department approved the CNSWFL and FIP exemptions in June 2026. State law[10] specifies that no CBC is to directly provide more than 35 percent of all child welfare services unless the CBC can demonstrate that its geographic service area lacks qualified providers available to perform the necessary services and the local community alliance recommends that the Department approve an exemption request. Pursuant to Department policies and procedures,[11] 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 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 June 9, 2026. However, although we requested, the Department could not provide documentation evidencing Department review of the recommendations or CWS Templates. According to Department management, the recommendations were verbally discussed among Department personnel and that documentation evidencing review of the CNSWFL and FIP exemption requests was not maintained because documentation requirements were not specified in Department policies and procedures. Effective June 9, 2026, the Department updated policies and

[10] Section 409.988(1)(j)2., Florida Statutes.

[11] CFOP 170-16, Chapter 9, *CBC Direct Services Exemption Process*.

procedures to require documentation be maintained evidencing all information reviewed, facts considered, and determinations made.

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. A similar finding was noted in our report No. 2026-015 (Finding 1).

Recommendation: We recommend that Department management ensure that 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.

PRIOR AUDIT FOLLOW-UP

As discussed in the preceding paragraphs, the Department had not taken corrective actions for the finding included in our report No. 2026-015.

OBJECTIVES, SCOPE, AND METHODOLOGY

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 July 2026 through September 2026 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.
- Determine whether management had corrected, or was in the process of correcting, all deficiencies disclosed in our report No. 2026-015.

- 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 2024-25 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 four procurement solicitations issued by FIP during the period July 2024 through June 2026 to obtain an understanding of FIP efforts to procure child welfare services.
- Inquired of CNSWFL management and examined the records related to the one procurement solicitation issued by CNSWFL during the period July 2024 through June 2026 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

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.



Sherrill F. Norman, CPA
Auditor General

State of Florida
Department of Children and Families

Ron DeSantis
Governor

Kathryn Williams
Interim Secretary

November 9, 2026

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Auditor General
State of Florida
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Tallahassee, Florida 32399-1450

Re: Preliminary and Tentative Audit Finding: Department of Children and Families, Community-Based Care Lead Agencies' Procurement of and Financial Arrangements for Child Welfare Services

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, the Department of Children and Families (Department) submits this written statement of explanation in response to the preliminary and tentative audit finding and recommendation transmitted with your letter dated October 14, 2026.

The Department concurs with the finding and recommendation. The Department's response, including actual and proposed corrective actions, follows.

Finding 1: Department Review of Exemptions
Finding: As similarly noted in Report No. 2026-015, Department records did not evidence review of and discussion regarding all pertinent documentation supporting the basis for exemptions granted to the Children's Network of Southwest Florida, LLC (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.

Recommendation: Department management should ensure that Department records evidence the review of and discussion regarding all pertinent documentation supporting exemptions for Community-Based Care Lead Agencies (Lead Agencies) to exceed the statutory threshold for providing direct child welfare services.

Department Response
The Department concurs with the finding and recommendation. The CNSWFL and FIP exemption requests were submitted to the Department before the revised CFOP 170-16, Chapter 9, took effect on June 9, 2026. The prior version of the chapter outlined the documentation Lead Agencies were to submit and the steps for Department review, but it did not specify how the Department was to document that review.

Department personnel reviewed and verbally discussed the exemption requests and supporting documenting as well as the local community alliance recommendations. On June 9, 2026, the Department issued written approval memoranda describing the basis for each decision. Each

exemption was limited to one year, half of the two-year maximum allowed by Section 409.988(1)(j)2., Florida Statutes.

Corrective Actions Taken
Effective June 9, 2026, the Department revised CFOP 170-16, Chapter 9, Community-Based Care Lead Agency Direct Services Exemption Process. The revision addresses the recommendation in Report No. 2026-015 that the Department enhance its policies and procedures. The revised chapter:

- Requires the Department to maintain a copy of all information reviewed, facts considered, and determination made for each exemption decision (section 9-6.b.(2)).
- Assigns review for statutory and procedural compliance to the Contract Manager, the Community Director, and the Assistant Secretary for Child and Family Well-Being or designee (section 9-6.b.(1)).
- Expands the documentation required in each request, including procurement and provider recruitment efforts, cost-effectiveness comparisons, and a plan and timeline for recruiting, developing, or re-engaging qualified subcontractors (section 9-5.a.).
- Requires quarterly direct services reports from Lead Agencies and at least one Department validation each year during an approved exemption period (section 9-6.c.).
- Establishes requirements for renewal requests, including evidence of measurable progress or an explanation of persistent market barriers (section 9-9).

Additional Corrective Actions
To ensure that Department records evidence both the review of and discussion regarding all pertinent documentation, the Department has taken or is taking the following additional actions.

Action	Responsible	Status
Issue a standard Exemption Review Checklist for every exemption request under CFOP 170-16, Chapter 9. This checklist identifies each required document and has space to document the date and result of each reviewer's review, any meetings or discussions held, and the final determination, with reviewer signatures.	Statewide Director of Business Operations	Complete
Designate a central location for each complete exemption file, including the request, CF-FSP 5457, community alliance recommendation, Exemption Review Checklist, and decision memorandum.	Chief of Contracts	Complete
Instruct Contract Managers, Community Directors, and other staff with a role in exemption review on the revised chapter and the Exemption Review Checklist.	Deputy Assistant Secretary	Complete
Document Department review of quarterly direct services reports and complete the annual validation for CNSWFL and FIP.	Contract Manager	Ongoing

Action	Responsible	Status
Use the Exemption Review Checklist for any CNSWFL or FIP renewal request and for all other exemption requests received after issuance.	Assistant Secretary for Child and Family Well-Being	Upon Issuance

If you have questions or would like to discuss this response, please contact Keaton Wilson, External Audit Liaison. The Department appreciates the professionalism of your staff throughout this audit and remains committed to strong oversight of Lead Agency exemptions.

Sincerely,

Kate Williams

Kathryn Williams
Interim Secretary

cc: Brooke Bass, Assistant Secretary, Office of Child and Family Well-Being
Keith Parks, Inspector General
Melynda Childree, Director of Auditing
Keaton Wilson, External Audit Liaison