

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**TEXAS DID NOT ENSURE  
DOCUMENTATION SUPPORTED THAT  
INDIVIDUALS MET ELIGIBILITY  
REQUIREMENTS AND THAT ITS  
ANNUAL REPORT WAS ACCURATE  
UNDER ITS PROJECTS FOR  
ASSISTANCE IN TRANSITION FROM  
HOMELESSNESS PROGRAM**

*Inquiries about this report may be addressed to the Office of Public Affairs at  
[Public.Affairs@oig.hhs.gov](mailto:Public.Affairs@oig.hhs.gov).*



**Amy J. Frontz**  
Deputy Inspector General  
for Audit Services

February 2022  
A-02-21-02001

# ***Office of Inspector General***

<https://oig.hhs.gov>

---

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## ***Office of Audit Services***

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These audits help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

## ***Office of Evaluation and Inspections***

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## ***Office of Investigations***

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

## ***Office of Counsel to the Inspector General***

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

# *Notices*

---

**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
at <https://oig.hhs.gov>

Section 8M of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG website.

## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## Report in Brief

Date: February 2022

Report No. A-02-21-02001

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why **OIG** Did This Audit

The Substance Abuse and Mental Health Services Administration (SAMHSA) awarded States \$124 million in grant funds for Federal fiscal years 2017 and 2018 (audit period) under its Projects for Assistance in Transition From Homelessness (PATH) program. PATH programs are funded to support outreach and other services to homeless individuals with serious mental illnesses (consumers). Texas was awarded approximately \$10 million in PATH grant funds and was among the largest grant funds awarded during our audit period. This audit is part of a series of audits by **OIG** to ensure the integrity and proper stewardship of PATH grant funds aiming to reduce homelessness.

Our objective was to determine whether Texas complied with PATH program requirements.

### How **OIG** Did This Audit

Our audit covered \$8.7 million in PATH grant funds that Texas withdrew of the \$10 million it was awarded during our audit period. We selected a random sample of 70 consumers out of a sampling frame of 10,005 consumers and determined whether they were eligible for the PATH program. We also judgmentally selected and reviewed certain program costs for all 16 providers funded by Texas' PATH program.

## Texas Did Not Ensure Documentation Supported That Individuals Met Eligibility Requirements and That Its Annual Report was Accurate Under Its Projects for Assistance in Transition From Homelessness Program

### What **OIG** Found

Texas complied with PATH program requirements related to certain program costs and non-Federal contributions. However, it did not always comply with PATH program requirements when determining consumers' eligibility and reporting the number of consumers enrolled in its PATH program. For 7 of the 70 sampled consumers, case files maintained by PATH providers did not support that the consumers were eligible to enroll in the PATH program. Specifically, PATH providers did not maintain documentation in their case files that indicated the consumers met PATH eligibility requirements for being seriously mentally ill (4 consumers) or inappropriately enrolled consumers due to clerical errors (3 consumers). In addition, Texas overstated the number of consumers enrolled in its PATH program in its Annual PATH Reports.

These deficiencies occurred because Texas lacked adequate oversight to ensure that PATH providers maintained sufficient documentation to support that consumers met eligibility requirements to enroll in the PATH program. In addition, Texas did not ensure that PATH providers reported accurate enrollment data for the State agency's annual PATH reports to SAMHSA. On the basis of our sample results, we estimated that 1,001 consumers (10 percent) enrolled in Texas' PATH program were ineligible to enroll in the Texas' PATH program.

### What **OIG** Recommends and Texas Comments

We recommend that Texas (1) expand the scope of its site visits of PATH providers to include reviews of consumers' case files maintained by PATH providers to strengthen its current risk assessment process and ensure that providers only enroll eligible individuals into the PATH program and (2) work with relevant parties to provide guidance and training to PATH providers to ensure that its Annual PATH Report accurately represents the number of consumers served by its PATH program.

In written comments on our draft report, Texas did not indicate concurrence or nonconcurrence with our findings or recommendations; however, it described steps that it has taken or plans to take to address the deficiencies identified in our draft report related to its compliance with PATH program requirements.

**TABLE OF CONTENTS**

INTRODUCTION.....1

    Why We Did This Audit.....1

    Objective.....1

    Background.....1

        Projects for Assistance in Transition From Homelessness Program.....1

        Texas’ Projects for Assistance in Transition From Homelessness Program .....3

    How We Conducted This Audit .....3

FINDINGS.....4

    Texas’ Program Costs and Non-Federal Contributions Complied With Projects for Assistance in Transition From Homelessness Program Requirements.....4

    Texas Did Not Ensure That Case Files Supported That Consumers Met Eligibility Requirements .....5

    Texas’ Annual Projects for Assistance in Transition From Homelessness Program Reports Were Inaccurate.....6

RECOMMENDATIONS .....7

STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE .....7

APPENDICES

    A: Audit Scope and Methodology..... 9

    B: Statistical Sampling Methodology ..... 11

    C: Sample Results and Estimates ..... 12

    D: State Agency Comments ..... 13

## INTRODUCTION

### WHY WE DID THIS AUDIT

On a single night in 2020, approximately 580,000 people were experiencing homelessness in the United States. This marked the fourth consecutive year that total homelessness increased in the United States, with Texas being among the States with the largest increase.<sup>1</sup> To assist States with providing services to individuals with serious mental illness experiencing homelessness, the Substance Abuse and Mental Health Services Administration (SAMHSA) awarded States approximately \$124 million in grant funds for Federal fiscal years 2017 and 2018 (audit period) under its Projects for Assistance in Transition From Homelessness (PATH) program.<sup>2</sup> Texas' PATH program was one of the largest recipients and was awarded approximately \$10 million for this period. This is the second in a series of audits by the Office of Inspector General (OIG) to ensure the integrity and proper stewardship of PATH grant funds aiming to reduce homelessness.<sup>3</sup>

### OBJECTIVE

Our objective was to determine whether the Texas Health and Human Services Commission (the State agency) complied with PATH program requirements.

### BACKGROUND

#### Projects for Assistance in Transition From Homelessness Program

The Stewart B. McKinney Homeless Assistance Amendments Act of 1990<sup>4</sup> (Stewart B. McKinney Act) established the PATH program, which is administered at the Federal level by SAMHSA. SAMHSA awards PATH grants to States using a formula. States use the grants to fund local public and nonprofit organizations, known as PATH providers.

The PATH program supports outreach and other services to individuals with serious mental illnesses and substance use disorders who are homeless or at imminent risk of becoming

---

<sup>1</sup> U.S. Department of Housing and Urban Development, *2020 Annual Homeless Assessment Report to Congress*, [The 2020 Annual Homeless Assessment Report to Congress](#). Accessed on January 11, 2022.

<sup>2</sup> The terms and conditions of the PATH grant award gave grantees 27 months from the beginning of the grant period to liquidate the grant funds. As a result, this was the most recent grant period we were able to review at the time we began our audit.

<sup>3</sup> *New York Provided Projects For Assistance In Transition from Homelessness Grant Services to Ineligible Individuals and Did Not Contribute Any Required Non-Federal Funds*, [\(A-02-19-02006\)](#), issued December 2020.

<sup>4</sup> P.L. No. 101-645 (Nov. 29, 1990).

homeless.<sup>5</sup> To be eligible for PATH program services, individuals must be age 18 and older, suffering from serious mental illnesses, and homeless or at imminent risk of becoming homeless.<sup>6</sup> (We refer to these individuals as “consumers” throughout the report.) SAMHSA requires States, as part of their applications for PATH funds, to develop their own operational definitions of the terms “homeless individual,” “imminent risk of homelessness,” and “serious mental illness.”

At the end of each grant period, grantees are required to submit to SAMHSA a *Statewide Annual PATH Report* (Annual PATH Report) that details their PATH program activities. SAMHSA requires PATH providers to utilize a Homeless Management Information System (HMIS) to collect client-level PATH data.<sup>7</sup> These data systems are regulated by the U.S. Department of Housing and Urban Development (HUD) and provide a platform for coordinating care and improving access to housing resources. Each HMIS is administered by a local Continuum of Care (CoC) that is responsible for designing its HMIS in accordance with HUD requirements and working with HMIS software vendors.<sup>8</sup>

---

<sup>5</sup> PATH services include substance use treatment, case management, and referrals for health, education, and housing services.

<sup>6</sup> Stewart B. McKinney Act § 522(a).

<sup>7</sup> SAMHSA’s *PATH Annual Report Manual*.

<sup>8</sup> A CoC is a HUD-funded group of representatives that coordinate homeless services and homelessness prevention activities across a specified geographical area. During our audit period, there were nine CoCs that utilized six different HMIS software vendors for Texas’ PATH program.

## Texas' Projects for Assistance in Transition From Homelessness Program

Texas' PATH program is administered at the State level by the State agency. For the grant period we reviewed, SAMHSA awarded Texas approximately \$10 million in PATH grant funds.<sup>9</sup> The State agency distributed these funds to 16 providers to provide PATH services to approximately 10,000 enrolled consumers.<sup>10, 11</sup> PATH providers have utilized HMIS to collect and report PATH data since 2016; however, the State agency does not have access to HMIS and relies on PATH providers to generate reports of PATH activities. The State agency is required to review and approve the PATH data before submitting its Annual PATH Report to SAMHSA.<sup>12</sup>

### Texas' PATH Program Definitions

In its grant application for the grant period, the State agency defined *homeless individuals* as individuals who lacked housing, regardless of whether they were a member of a family. This included individuals whose primary residence at night was a facility that provided temporary living accommodations and transitional housing. Individuals were considered at *imminent risk of homelessness* if they lived in a condemned building without a place to move, or in temporary or transitional housing; were being discharged from a health care or criminal justice institution without a place to live; had received an eviction notice for unpaid rent; and/or maintained a doubled-up living arrangement where the individual's name was not on the lease. Individuals were considered as having a *serious mental illness* if they were suffering from a diagnosable mental, behavior, or emotional disorder that causes serious functional impairment that substantially interferes with or limits one or more major life activities.

## HOW WE CONDUCTED THIS AUDIT

Our audit covered approximately \$8.7 million in PATH grant funds that the State agency withdrew of the \$10 million it was awarded during our audit period. We selected a simple random sample of 70 consumers out of a sampling frame of 10,005 consumers and determined whether they were eligible for the PATH program. We also judgmentally selected and reviewed certain PATH program costs for all 16 PATH providers.<sup>13</sup>

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

---

<sup>9</sup> The State agency drew down approximately \$8.7 million of its award.

<sup>10</sup> Specifically, the State agency contracted with 2 non-profit organizations and 14 local government agencies.

<sup>11</sup> Consumers may have received services from multiple PATH providers or in more than one grant period. Therefore, each sampled item is a unique combination of a consumer's name, PATH provider from which they received services, and grant period.

<sup>12</sup> *Fiscal Years 2017 and 2018 Projects for Assistance in Transition From Homelessness (PATH) Agreements* between the State agency and SAMHSA.

<sup>13</sup> We reviewed certain PATH program costs that made up the majority of the grant funds used during our audit period, which included salaries and indirect costs. We also reviewed all of the non-Federal funds that the State agency was required to contribute toward its PATH program.



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.

Appendix A contains the details of our audit scope and methodology, Appendix B contains our statistical sampling methodology, and Appendix C contains our sample results and estimates.

## **FINDINGS**

Based on our review of certain PATH program costs and non-Federal contributions that the State agency was required to make toward its PATH program, we determined that the State agency complied with these PATH program requirements.

However, the State agency did not always comply with PATH program requirements when determining consumers' eligibility and reporting the number of consumers enrolled in its PATH program. For 7 of the 70 sampled consumers, case files maintained by PATH providers did not support that the consumers were eligible to enroll in the PATH program. Specifically, PATH providers did not maintain documentation that the consumers met PATH eligibility requirements for being seriously mentally ill (4 consumers) or inappropriately enrolled consumers due to clerical errors (3 consumers). In addition, the State agency overstated the number of consumers enrolled in its PATH program in its Annual PATH Reports.

These deficiencies occurred because the State agency lacked adequate oversight to ensure that PATH providers maintained sufficient documentation to support that consumers met eligibility requirements to enroll in the PATH program. In addition, the State agency did not ensure that PATH providers reported accurate enrollment data for the State agency's Annual PATH Reports. On the basis of our sample results, we estimated that 1,001 of the 10,005 consumers were ineligible to enroll in the Texas' PATH program.<sup>14</sup>

### **TEXAS' PROGRAM COSTS AND NON-FEDERAL CONTRIBUTIONS COMPLIED WITH PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS PROGRAM REQUIREMENTS**

The State agency and PATH providers had adequate accounting systems and maintained effective internal controls to ensure that PATH grant funds were accounted separately from other State agency-administered programs and used for PATH program activities.<sup>15</sup> We reviewed a judgmental sample of employee salaries and indirect costs at each of the 16 PATH providers and determined that these costs were allowable, allocable, and reasonable.<sup>16</sup>

---

<sup>14</sup> The 90-percent confidence interval for the estimated ineligible consumers enrolled in Texas' PATH program ranges from 481 to 1,794.

<sup>15</sup> 45 CFR § 75.303.

<sup>16</sup> 45 CFR §§ 75.403, 404, and 405.

In addition, non-Federal contributions made by the State agency and PATH providers met PATH program cost-sharing requirements.<sup>17</sup> Specifically, in addition to what the State agency reimbursed PATH providers for PATH program costs using grant funds, the State agency provided 3 percent (i.e., \$270,000) to the providers from its own funding sources. Also, PATH providers directly made \$3.6 million in non-Federal contributions toward the PATH program.<sup>18</sup> Combined, the State agency and PATH providers contributed \$3.9 million in non-Federal funds toward PATH program costs—nearly \$1 million more than what they were required to contribute.

## **TEXAS DID NOT ENSURE THAT CASE FILES SUPPORTED THAT CONSUMERS MET ELIGIBILITY REQUIREMENTS**

PATH services must be provided to eligible individuals with serious mental illnesses who are homeless or at imminent risk of becoming homeless. The State agency defined individuals with *serious mental illness* as individuals who are having a diagnosable mental disorder of such severity and duration as to result in functional impairment that substantially interferes with or limits major life activities. It also defined *homeless* individuals as individuals who lack housing, including those whose primary residences during the night are facilities that provide temporary living accommodations, and individuals who are residents in transitional housing. Further, the State agency defined individuals *at imminent risk of homelessness* as those who maintained doubled-up living arrangements, lived in temporary or transitional housing that carries time limits, and/or were being discharged from a health care or criminal justice institution without a place to live.<sup>19</sup> In addition, contracts between the State agency and PATH providers required all assessments and other PATH services provided to consumers to be documented in the providers' records.

PATH providers delivered services to consumers who did not meet PATH program eligibility requirements, as defined by the State agency. For 7 of the 70 sampled consumers, case files maintained by PATH providers did not support that the consumers were eligible to enroll in the PATH program. Specifically:

- For four sampled consumers, the associated case files did not contain documentation supporting that the consumers had a serious mental illness.
- For three sampled consumers, the PATH provider indicated that the consumers were inappropriately enrolled due to clerical error.

---

<sup>17</sup> States are required to contribute non-Federal funds equal to not less than \$1 for every \$3 of Federal funds awarded towards the costs of providing PATH program services (Stewart B. McKinney Act § 523(a)).

<sup>18</sup> The contracts between the State agency and PATH providers indicated the minimum non-Federal contributions that the PATH providers were required to make toward the PATH program.

<sup>19</sup> *Fiscal Years 2017 and 2018 Projects for Assistance in Transition From Homelessness (PATH) Agreements* between the State agency and SAMHSA.

These deficiencies occurred because the State agency lacked adequate oversight to ensure that PATH providers maintained sufficient documentation that consumers met eligibility requirements. The State agency indicated that it performed a risk assessment analysis to develop monitoring plans for providers that included performing site visits. However, the analysis covered more than 20 different State-administered programs, including the PATH program, and provider site visits were made an average of once every 3 years. While the State agency's site visits of PATH providers focused on assessing providers' policies and procedures, reporting processes for potential health and safety events, and quality assurance (e.g., accounting of PATH funds), these site visits did not include a review of consumers' case files. If the State agency's oversight included a review of consumers' case files, it could have ensured that only eligible individuals were enrolled in the PATH program, and additional PATH services could have been provided to eligible consumers.

### **TEXAS' ANNUAL PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS PROGRAM REPORTS WERE INACCURATE**

Payments must not be made to a State unless it provides an annual report that details the recipients of PATH funding to determine whether these payments were expended appropriately.<sup>20</sup> SAMHSA guidance required that States transition their PATH providers to utilize HMIS to generate reports that include the number of consumers served through both PATH Federal and matching funds during each reporting period (*PATH Annual Report Manual*, page 10 (OMB Number 0930-0205)). The guidance also states that it is essential that PATH providers include accurate information on the number of persons receiving services.

Texas' Annual PATH Reports for the State agency's fiscal years (FYs) 2018 and 2019 (i.e., September 2017 through August 2019) included an inaccurate number of consumers enrolled in the PATH program.<sup>21</sup> Specifically, the reports stated that 5,544 and 5,577 unique consumers were enrolled in the PATH program during FYs 2018 and 2019, respectively. However, supporting documentation provided by the State agency indicated that the total number of consumers enrolled in the PATH program was 4,917 for FY 2018 (an overstatement of 627 consumers) and 5,088 for FY 2019 (an overstatement of 489 consumers).

As a result, Texas' Annual PATH Reports did not accurately measure the performance of the Texas' PATH program. Nevertheless, SAMHSA utilizes the data in the reports to evaluate the PATH program on a national basis and for essential program planning purposes. Further, the data in the reports are also critical to maintaining program accountability and assisting in program monitoring. Specifically, inaccurate data from these reports may affect SAMHSA's review of the future PATH applications from the State agency to determine if the associated intended use plans of funds are consistent with SAMHSA's goals for the PATH program.

---

<sup>20</sup> Stewart B. McKinney Act, § 528(a).

<sup>21</sup> SAMHSA allows grantees to establish a reporting period for the Annual PATH Reports that differ from the grant period.

The State agency did not have access to the HMISs used throughout Texas, therefore, it relied on PATH providers for HMIS data. However, some PATH providers indicated that HMIS reports were often inaccurate and did not reflect the data they entered into their HMIS. Other PATH providers noted that their HMIS was primarily designed for HUD programs and stated that their local CoCs were not familiar with PATH program reporting requirements or were unresponsive to PATH reporting issues. In addition, some PATH providers acknowledged that they incorrectly entered data into HMIS due to staff turnover, difficulty with using their HMIS, or a misunderstanding of how to classify certain data elements.

The overstatement of the number of consumers occurred because the State agency did not ensure that PATH providers reported accurate data for inclusion in the State agency's Annual PATH Reports. Although the State agency's role, through its contracts with PATH providers, is to provide oversight and ensure compliance with PATH reporting requirements; the State agency, by itself, is unable to provide technical guidance to providers regarding HMIS. Therefore, the State agency must work with HUD and CoCs in order to provide guidance and training to PATH providers.

### **RECOMMENDATIONS**

We recommend that the Texas Health and Human Services Commission:

- expand the scope of its site visits of PATH providers to include reviews of consumers' case files maintained by PATH providers to strengthen its current risk assessment process and ensure that providers only enroll eligible individuals into the PATH program and
- work with relevant parties (i.e., SAMHSA, HUD, and CoCs) to provide guidance and training to PATH providers to ensure that its Annual PATH Report accurately represents the number of consumers served by its PATH program.

### **STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

In written comments on our draft report, the State agency did not indicate concurrence or nonconcurrence with our findings or recommendations; however, it described steps that it has taken or plans to take to expand the scope of its site visits to include reviews of consumers' case files. The State agency also indicated that it plans to develop a training and technical assistance plan to improve the accuracy of its annual reports and quality program performance.

Among its planned actions, the State agency indicated that site visits to PATH providers will include reviews of providers' written procedures related to enrolling eligible individuals as well as PATH program data reported by providers. Further, the State agency plans to select and review a sample of consumers' case files to determine if those consumers were eligible to enroll in the PATH program. In addition, the State agency explained that PATH providers were recently transitioned to a simplified reporting process to reduce duplicate entries and user

errors when developing their PATH annual reports. The State agency also indicated that it plans to develop a new PATH program manual that will include consumer eligibility criteria and accurate program-reporting guidance, and a HMIS tool designed for the PATH program. The State agency also plans to provide trainings on the new HMIS tool in coordination with CoCs and PATH providers.

We commend the State agency for the actions it has taken and those it plans to take to address the deficiencies identified in our draft report. The State agency's comments are included in their entirety as Appendix D.

## **APPENDIX A: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

Our audit covered approximately \$8.7 million in PATH grant funds that the State agency withdrew of the \$10 million it was awarded for the period September 1, 2017, through August 31, 2019 (audit period). Our review of internal controls was limited to the State agency's systems and procedures, along with SAMHSA's guidance to the State agency to account for, report on, and monitor PATH program funding. To verify consumers' eligibility determinations, we reviewed a simple random sample of 70 consumers. We also reviewed PATH program costs for all 16 providers. We limited our review of the State agency's internal controls to those applicable to its administration over the PATH program.

We performed our audit work from January 2021 through January 2022.

### **METHODOLOGY**

To accomplish our objective, we:

- reviewed applicable Federal and State requirements;
- reviewed the State agency's grant award notices, PATH applications, and reports filed with SAMHSA;
- interviewed SAMHSA officials to gain an understanding of PATH program requirements;
- interviewed the State agency's officials to gain an understanding of their oversight of Texas' PATH program;
- interviewed all 16 PATH providers to gain an understanding of their utilization of their HMIS to report PATH activities;
- reconciled the grant amount the State agency received during the grant period against disbursements made to PATH providers;
- assessed the design and implementation of the State agency's internal controls to the extent necessary to address the audit objective;
- obtained from the State agency Excel files containing data on consumers enrolled in the PATH program during the grant period;
- reconciled the number of consumers reported by the State agency to the number of consumers detailed in its Annual PATH Reports for FY 2018 and FY 2019;

- created a sampling frame of 10,005 consumers obtained from the State agency into an Excel file;
- for each sampled consumer, obtained and reviewed supporting documentation to determine whether the consumer was eligible for the PATH program;
- obtained supporting financial documentation from all 16 PATH providers and judgmentally selected and reviewed certain program costs to determine whether PATH funds were spent in accordance with PATH program requirements;
- estimated the total number of consumers who were not eligible to enroll in the PATH program; and
- discussed our findings with the State agency's officials.

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.

## **APPENDIX B: STATISTICAL SAMPLING METHODOLOGY**

### **SAMPLING FRAME**

We obtained lists of consumers who were enrolled in Texas' PATH program during the period September 1, 2017, through August 31, 2019, for each of the 16 PATH providers. We combined these lists in an Excel spreadsheet to create a sampling frame of 10,005 consumers.

### **SAMPLE UNIT**

The sample unit was a consumer enrolled with a specific provider for a grant period.

### **SAMPLE DESIGN AND SAMPLE SIZE**

We used a simple random sample and selected a sample of 70 consumers.

### **SOURCE OF RANDOM NUMBERS**

We used the OIG, Office of Audit Services (OIG/OAS), statistical software to generate the random numbers.

### **METHOD OF SELECTING SAMPLE ITEMS**

We sorted the sample units in the sampling frame by (1) the PATH provider who performed services, (2) State agency's fiscal year, and (3) the consumer's last name. We then consecutively numbered the consumers in the sampling frame from 1 to 10,005. After generating 70 random numbers we selected the corresponding frame items.

### **ESTIMATION METHODOLOGY**

We used the OIG/OAS statistical software to estimate the number of consumers who were not eligible for the PATH program. We calculated a point estimate and a two-sided 90-percent confidence interval.



**APPENDIX C: SAMPLE RESULTS AND ESTIMATES**

**Table 1: Sample Detail and Results**

<b>Number of Consumers in the Sampling Frame</b>	<b>Sample Size</b>	<b>Number of Ineligible Consumers</b>
10,005	70	7

**Table 2: Estimated Number and Percentage of Ineligible Consumers in the Sampling Frame**  
*(Limits Calculated for a 90-Percent Confidence Interval)*

	<b>Number of Ineligible Consumers</b>	<b>Percentage of Ineligible Consumers</b>
Point estimate	1,001	10%
Lower limit	481	5%
Upper limit	1,794	18%

## APPENDIX D: STATE AGENCY COMMENTS

Texas Health and Human Services Commission (HHSC) February 10, 2022  
Management Response to the January 11, 2022 Draft Report  
Issued in Federal Audit A-02-21-02001 by the  
U.S. Department of Health and Human Services  
*Texas Did Not Ensure Documentation Supported That Individuals Met Eligibility  
Requirements and That Its Annual Report was Accurate Under Its Projects for  
Assistance in Transition From Homelessness Program*

**Recommendation 1:** Expand the scope of its site visits of PATH providers to include reviews of consumers' case files maintained by PATH providers to strengthen its current risk assessment process and ensure that providers only enroll eligible individuals into the PATH program.

### Management Response

#### Action Plan

HHSC will expand the scope of site visits by incorporating the review of 1) if applicable, whether the PATH provider's written procedures related to enrolling eligible individuals comply with SAMHSA guidance, 2) a representative sample of consumers' case files, and 3) PATH Annual Reports. HHSC will upload final site visit report(s) in the contract file. These changes will significantly reduce the risk of future ineligible individuals being enrolled into the PATH program and ensure sufficient and accurate documentation and reporting of the number of consumers enrolled in the PATH program.

#### Responsible Manager

Trina Ita, Associate Commissioner, HHSC, IDD-BH Behavioral Health Services

#### Responsible Party for Providing Status Updates

Jennifer D. Miller, Director, HHSC, IDD-BH Contract Operations

#### Target Implementation Date

August 31, 2022

#### Interim Milestones:

- June 1, 2022 – First provider identified, and site visit scheduled utilizing expanded scope of provider procedures and consumer case files.

**Recommendation 2:** Work with relevant parties (i.e., Substance Abuse and Mental Health Services Administration, Housing and Urban Development, and the local Continuum of Care) to provide guidance and training to PATH providers to ensure that its Annual PATH Report accurately represent the number of consumers served by its PATH program.

## **Management Response**

### Action Plan

HHSC provides routine and targeted technical assistance to all 16 PATH providers. In state fiscal year 2021, HHSC transitioned PATH providers to a simplified reporting process to reduce duplicate entries and user errors ensuring accurate reporting. HHSC will also develop a training and technical assistance plan to improve accurate reporting and quality program performance. HHSC began development of a PATH Program Manual and PATH-specific Homeless Management Information System (HMIS) tool in fiscal year 2021. The PATH Program Manual will include resources, links, reporting tips, eligibility criteria, and guidance on program policies/protocols to ensure a high functioning program that meets legislative requirements. The HMIS training will be conducted with Continuums of Care and PATH Providers. THE HMIS guidance and training will include review of PATH Annual Report data to identify potential issues with reporting. HHSC will also consult with SAMHSA and other states to identify best practices related to accurate and timely reporting practices.

### Responsible Manager

Trina Ita, Associate Commissioner, HHSC, IDD-BH Behavioral Health Services

### Responsible Party for Providing Status Updates

Jennifer D. Miller, Director, HHSC, IDD-BH Contract Operations

### Target Implementation Date

September 1, 2022

### Interim Milestones:

- April 30, 2022 - PATH Program Manual drafted.
- July 30, 2022 – PATH Program Manual published and distributed to PATH providers. Texas PATH HMIS Guidance developed.
- August 31, 2022 – Texas PATH HMIS published and distributed to PATH providers.