

Audit Report

Centers for Independent Living

San Antonio Independent Living
Services

March 26, 2025

OIG Report No. AUD-25-011



**Inspector
General**

Texas Health
and Human Services



Centers for Independent Living

San Antonio Independent Living Services

Results in Brief

Why OIG Conducted This Audit

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Audit) initiated this audit in response to risks HHSC identified regarding Independent Living Services program performance, including Center for Independent Living (CIL) service delivery and utilization of funds.

In 2023, HHSC contracted with San Antonio Independent Living Services (SAILS) and 10 additional CILs across Texas to provide purchased services to people with significant disabilities. HHSC paid CILs more than \$8.9 million to provide purchased services, and CILs provided purchased services for 2,508 people that year.

Summary of Review

The audit objective was to determine whether SAILS had established processes and controls for providing independent living services in compliance with selected standards, rules, and contractual requirements. The audit scope covered services provided under the independent living purchased services contract for September 1, 2022, through August 31, 2023.

Conclusion

San Antonio Independent Living Services (SAILS), a center for independent living (CIL), generally complied with requirements when providing purchased services, which include goods and services purchased to assist people in meeting their independent living goals. SAILS should develop specific procedures for providing services that include the requirements of the Health and Human Services Commission's (HHSC's) Independent Living Services Standards for Providers handbook (ILS Standards).

Key Results

SAILS generally complied with ILS Standards when providing independent living purchased services. While not all cases tested resulted in a requested service being provided, for 32 case files tested SAILS complied with the applicable requirements related to:

- Documenting initial contact.
- Determining eligibility.
- Obtaining supporting information including evaluations.
- Obtaining HHSC's prior approval of large purchases.
- Providing and verifying receipt of requested services.

For eight case files that required prior approval of purchases by HHSC, SAILS completed the purchases within the required 90 days of approval.

Additionally, SAILS management reviewed and approved each case that resulted in SAILS providing a requested service. Prior to initiating a purchase, SAILS uses a case file checklist to document significant information included in the case file, including management review and approval of the completed case file. For each of the 12 cases that resulted in SAILS providing a requested service, SAILS management documented their review and approval

Background

The Independent Living Services program provides services that promote the integration and inclusion of individuals with significant disabilities into society. Under this program, HHSC contracts with CILs to provide core and purchased services. Core services include information and referral, skills training, advocacy, peer counseling, and transition services. Purchased services include goods and services a CIL purchases from a vendor to help people meet their independent living goals, such as mobility training, home modifications, prosthetics, hearing aids, wheelchairs, and durable medical equipment.

The service delivery process includes:

- Documenting initial contact with a person requesting services.
- Completing an application for services with the person.
- Determining an applicant's eligibility based on a diagnosis of a significant disability.
- Completing an independent living plan with the applicant.
- Obtaining evaluations, vendor quotes for purchased services, and prior approval from HHSC for certain large purchases.
- Providing requested services and verifying that the applicant received the services.

For more information, contact:
OIGAuditReports@hhs.texas.gov

of the case file documentation prior to initiating the purchased services.

While SAILS followed most requirements when providing purchased services for independent living, it did not meet all requirements, including those related to completing applications, completing independent living plans, obtaining vendor quotes, and developing policies and procedures. Specifically:

- Ninety-six percent of applicable case files tested included the required information in the applications SAILS completed with the individuals requesting services. For one of the 28 (4 percent) applicable case files, SAILS did not include the requested services.
- While 88 percent of applicable case files tested included all required elements in the applicants' independent living plans, for two of the 17 applicable case files SAILS did not document the anticipated duration of the service plan.
- For three of six (50 percent) case files tested that required quotes from two separate vendors, SAILS did not obtain two quotes.
- While SAILS meets many of the requirements for which ILS Standards requires a written policy, it does not always meet the requirement to create the policy itself.

Recommendations

SAILS should:

- Update its policies and procedures to provide specific steps and guidance for developing and reviewing supporting case file documentation for requested services, including policies and procedures related to completing applications, completing independent living plans, and obtaining multiple quotes.
- Develop policies and procedures required by the ILS Standards.

Management Response

OIG Audit presented preliminary audit results, issues, and recommendations to SAILS in a draft report dated March 13, 2025. SAILS indicated it had already implemented the corrective actions. SAILS's action plans are included in the report.

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Audit Overview

Overall Conclusion

San Antonio Independent Living Services (SAILS), a center for independent living (CIL), generally complied with requirements when providing purchased services, which include goods and services purchased to assist people in meeting their independent living goals. SAILS should develop specific procedures for providing services that include the requirements of the Health and Human Services Commission's (HHSC's) Independent Living Services Standards for Providers handbook (ILS Standards).

Key Audit Results

SAILS generally complied with requirements for providing independent living purchased services, including documenting initial contact, determining eligibility, obtaining evaluations, obtaining HHSC prior approval of large purchases, and verifying receipt of provided services. However, it should (a) improve its processes, including those related to completing applications, completing independent living plans, and obtaining vendor quotes, and (b) develop policies and procedures that the ILS Standards require.

The Texas Health and Human Services Office of Inspector General Audit and Inspections Division (OIG Audit) offered recommendations to SAILS, which, if implemented, will improve compliance with applicable requirements.

The "Detailed Audit Results" section of this report presents additional information about the audit results and is considered written education in accordance with Texas Administrative Code.¹ In addition, audit issues identified in this report may

Objective

The audit objective was to determine whether San Antonio Independent Living Services (SAILS) had established processes and controls for providing independent living services in compliance with selected standards, rules, and contractual requirements.

Scope

The audit scope covered services provided under the independent living purchased services contract for September 1, 2022, through August 31, 2023.

¹ 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

be subject to liquidated damages or OIG administrative enforcement measures,² including administrative penalties.³ This report does not address compliance beyond the scope and objective of this audit. Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31.

OIG Audit presented preliminary audit results, issues, and recommendations to SAILS in a draft report dated March 13, 2025. SAILS indicated it had already implemented the corrective actions. SAILS's action plans are included in the report following the recommendations and the full response is included in Appendix C. OIG Audit communicated other, less significant issues to SAILS in a separate written communication.

What Prompted This Audit

The OIG initiated this audit in response to risks HHSC identified regarding Independent Living Services program performance, including CIL service delivery and utilization of funds.

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

Key Program Data

The Independent Living Services program provides services that promote the integration and inclusion of individuals with significant disabilities into society. Under this program, HHSC contracts with CILs to provide core and purchased services. To participate in the program, providers must comply with ILS Standards.⁴ Core services include information and referral, skills training, advocacy, peer counseling, and transition services. Purchased services include goods and services a CIL purchases from a vendor to help people meet their independent living goals, such as mobility training, home modifications, prosthetics, hearing aids, wheelchairs, and durable medical equipment.

In 2023, HHSC contracted with SAILS and 10 additional CILs across Texas to provide purchased services to people with significant disabilities. HHSC paid CILs more than

² 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

³ Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

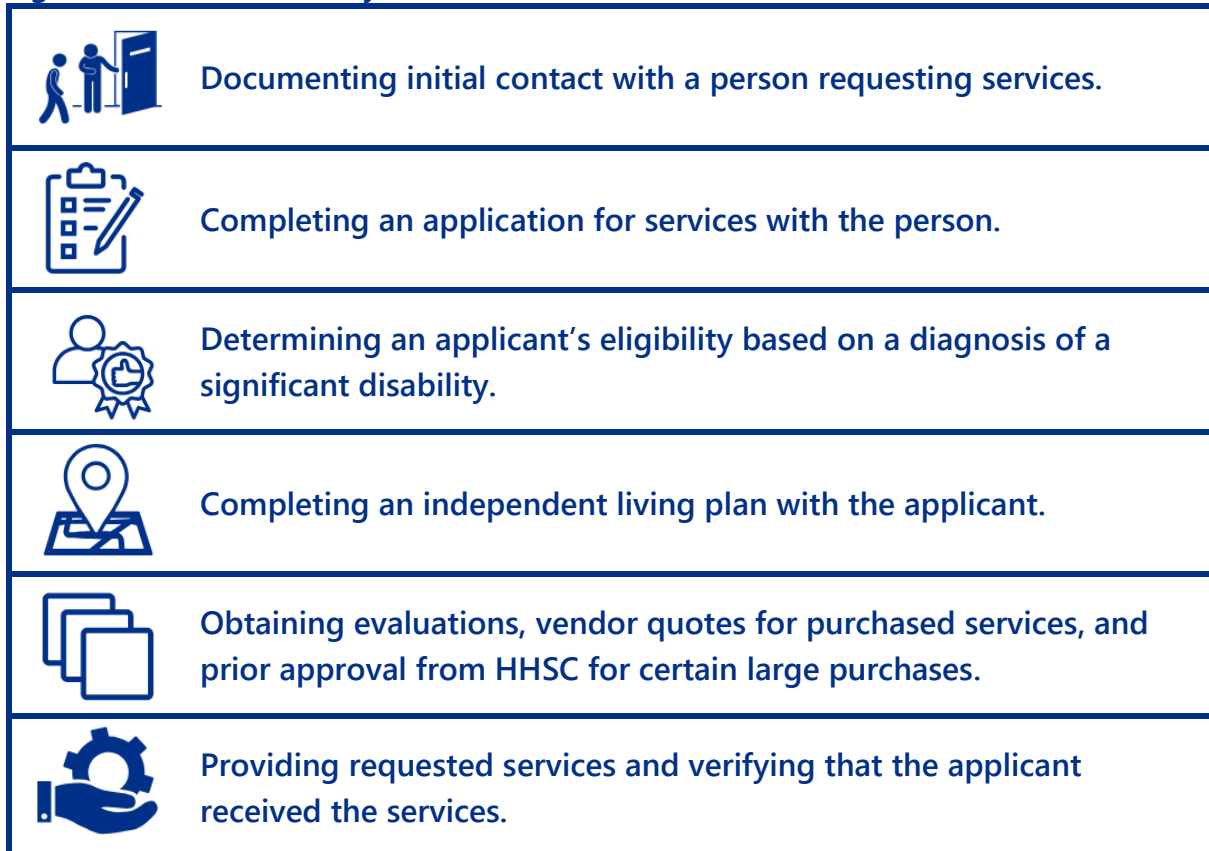
⁴ HHSC Contract No. HHS000202900011 § 2.3 (Sep. 2018, as amended).

\$8.9 million to provide purchased services, and CILs provided purchased services for 2,508 people that year.

Providing Independent Living Purchased Services

CILs must follow the service delivery process outlined in ILS Standards, as illustrated in Figure 1.

Figure 1: Service Delivery Process



Source: Independent Living Services Standards for Providers (Mar. 2019, as amended)

CILs must include documentation in a case file supporting their compliance with requirements for the steps in the service delivery process, including for cases that do not result in a provided service.⁵

⁵ Independent Living Services Standards for Providers, § 5.6.3.5 (Mar. 2019, as amended).

Auditing Standards

Generally Accepted Government Auditing Standards

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

Detailed Audit Results

SAILS generally complied with ILS Standards when providing independent living purchased services. While not all cases tested resulted in a requested service being provided, for 32 case files tested SAILS complied with the applicable requirements related to:

- Documenting initial contact.
- Determining eligibility.
- Obtaining supporting information including evaluations.
- Obtaining HHSC's prior approval of large purchases.
- Providing and verifying receipt of requested services.

For eight case files that required prior approval of purchases by HHSC, SAILS completed the purchases within the required 90 days of approval.

Additionally, SAILS management reviewed and approved each case that resulted in SAILS providing a requested service. Prior to initiating a purchase, SAILS uses a case file checklist to document significant information included in the case file, including management review and approval of the completed case file. For each of the 12 cases that resulted in SAILS providing a requested service, SAILS management documented their review and approval of the case file documentation prior to initiating the purchased services.

Although SAILS met most of the requirements tested, OIG Audit identified opportunities for SAILS to improve its process for providing purchased services. The following sections of this report provide additional detail about the findings.

Chapter 1: SAILS Followed Most Requirements for Providing Independent Living Services

While SAILS followed most requirements when providing purchased services for independent living, it did not meet all requirements, including those related to completing applications, completing independent living plans, obtaining vendor quotes, and developing policies and procedures.

Completing Applications

Ninety-six percent of applicable case files tested included the required information in the applications SAILS completed with the individuals requesting services. For one of the 28 (4 percent) applicable case files, SAILS did not include the requested services. The ILS Standards require CILs to develop an application process to document information including applicant goals for independence and requested services addressing those goals.⁶ For the incomplete application, while SAILS did not document requested services as part of its application process, as required, it did document the requested services during initial contact and in the person's independent living plan.

Completing Independent Living Plans

While 88 percent of applicable case files tested included all required elements in the applicants' independent living plans, for two of the 17 applicable case files SAILS did not document the anticipated duration of the service plan.⁷ The ILS Standards require CILs to document independent living plans that include the applicant's goals or objectives and the services necessary to meet those goals, including the anticipated duration of the service plan and the duration of each component service.

Obtaining Vendor Quotes

For three of six (50 percent) case files tested that required quotes from two separate vendors, SAILS did not obtain two quotes. HHSC's contract with SAILS includes Code of Federal Regulation, Title 2, Part 200, which requires CILs to obtain quotes from at least

⁶ Independent Living Services Standards for Providers, § 5.2 (Mar. 2019, as amended).

⁷ Independent Living Services Standards for Providers, §§ 5.6.2 (Mar. 2019) and 5.7.2 (Nov. 2023, as amended).

two separate vendors for purchases above \$10,000.^{8,9} SAILS was unaware of this requirement until notified by HHSC. In September of 2023, after being notified by HHSC, SAILS updated its internal policies to include this requirement. HHSC updated the ILS Standards in November 2023.¹⁰ All three of these cases occurred prior to HHSC's update to the ILS Standards.

Developing Policies and Procedures

SAILS's policies and procedures include some requirements related to the provision of purchased services, but they do not include specific steps for developing or reviewing cases for requested services, including specific steps for completing applications, completing independent living plans, and obtaining multiple quotes.

The ILS Standards require CILs to develop written policies and procedures addressing the center's process for implementing specific requirements within the ILS Standards.¹¹ While SAILS meets many of the requirements for which ILS Standards requires a written policy, it does not always meet the requirement to create the policy itself. For example, the ILS Standards require CILs to develop a policy and procedure detailing how confirmation of delivery and installation of equipment is completed. SAILS uses a form to document confirmation of delivery that includes some of the information required by the ILS Standards. However, the form does not address all of the information required by the standards and SAILS does not have policies and procedures addressing the requirements.

Developing policies and procedures that address the requirements of the ILS Standards and including specific steps to develop and review cases will help SAILS consistently follow requirements for providing independent living purchased services in the future.

⁸ 2 C.F.R. § 200.320 (Nov. 2020, as amended).

⁹ 48 C.F.R. § 2.101 (May 2022, as amended).

¹⁰ Independent Living Services Standards for Providers, § 6.4 (Nov. 2023, as amended).

¹¹ Independent Living Services Standards for Providers, Appendix K (Mar. 2019, as amended).

Recommendation 1a

SAILS should update its policies and procedures to provide specific steps and guidance for developing and reviewing supporting case file documentation for requested services, including policies and procedures related to completing applications, completing independent living plans, and obtaining multiple quotes.

Management Response¹²

Action Plan

Submit Quality Assurance policy and Policy on Independent Living Plan Amendment or Addendum (Purchased Services Contract) to the Board of Directors March 12, 2025 for approval. Note: These policies encompass IL Plans, reviewing a minimum of 10 percent of cases, eligibility determinations and adherences to the purchasing procedures and much more.

Responsible Managers

- Program Director
- Chief Executive Officer

Implementation Date

March 13, 2025

Recommendation 1b

SAILS should develop policies and procedures required by the ILS Standards.

Management Response

Action Plan

SAILS will develop policies required by the ILS Standards. SAILS has submitted the following policies to the SAILS Board of Directors for approval on March 12, 2025. These policies were recommended by OIG on a February 18, 2025 summary report that SAILS received. The Chief Executive Officer wanted to

¹² SAILS's complete management response letter is included in Appendix C.

ensure these policies were presented timely at the SAILS March 12, 2025 Board of Directors meeting for approval so they could be implemented.

Responsible Manager

- Program Director
- Chief Executive Officer

Implementation Date

March 13, 2025

Appendix A: Objective, Scope, and Criteria

Objective and Scope

The audit objective was to determine whether San Antonio Independent Living Services (SAILS) had established processes and controls for providing independent living services in compliance with selected standards, rules, and contractual requirements.

The audit scope covered services provided under the independent living purchased services contract for September 1, 2022, through August 31, 2023.

Criteria

OIG Audit used the following criteria to evaluate the information provided:

- 2 CFR § 200.320 (2020, as amended)
- 48 CFR § 2.101 (2022, as amended)
- 26 Tex. Admin. Code, Chapter 357 (2021, as amended)
- HHSC Contract No. HHS000202900011 (2018, as amended)
- HHSC Independent Living Services Standards for Providers (2019, as amended)

Appendix B Detailed Methodology

OIG Audit issued an engagement letter to SAILS on January 6, 2025, providing information about the upcoming audit, and conducted fieldwork from January 6, 2025, through February 12, 2025.

OIG Audit also reviewed SAILS's system of internal controls, including components of internal control,¹³ within the context of the audit objectives by:

- Interviewing SAILS management and staff with responsibility for the provision of independent living services.
- Reviewing relevant documentation, such as policies, procedures, purchased services case files, and documented approvals.
- Examining relevant HHSC databases.
- Performing selected tests of the relevant documentation.

Data Reliability

OIG Audit accessed the HHSC Independent Living Services Data Reporting System (DRS) to review case documentation. To assess the reliability of this data, OIG Audit traced data to supporting documentation and interviewed relevant HHSC and SAILS personnel knowledgeable about the systems and data. OIG Audit determined that the data was sufficiently reliable for the purpose of this audit.

Testing Methodology

OIG Audit collected information for this audit through interviews and other communications with SAILS management and staff, as well as on-site reviews of case files.

¹³ For more information on the components of internal control, see the United States Government Accountability Office's *Standards for Internal Control in the Federal Government*, (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf> (accessed Apr. 16, 2021).

OIG Audit reviewed:

- SAILS's grant contracts with HHSC and its relevant processes.
- Support for grant expenditures including purchased services applications, medical eligibility documentation, independent living plans, invoices, and receipts.
- Relevant SAILS policies and procedures.

Sampling Methodology

Auditors selected nonstatistical samples related to purchased services through both random selection and based on risk. This sample design was chosen to ensure that the sample included items with specific characteristics, such as case progression, and to address specific risk factors identified in the population, such as expenditure amount and purchase type. The sample items were generally not representative of the population; therefore, it would not be appropriate to project the test results to the population.

Appendix C: SAILS's Management Response

Page 1 of 3



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Audit Director
Texas Health and Human Services
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200

March 20, 2025

Recommendation 1a

SAILS should update its policies and procedures to provide specific steps and guidance for developing and reviewing supporting case file documentation for requested services, including policies and procedures related to completing applications, completing independent living plans, and obtaining multiple quotes

Management Response

First, SAILS staff would like to thank the OIG Audit Team for their professionalism in conducting our audit. The audit was performed in an orderly manner and SAILS presented documents as requested. SAILS ensured staff were available when needed by OIG.

Second, SAILS would like to state that the audit did take seven months, which we feel is extraordinarily lengthy given the scope of the audit and the number of cases reviewed (32 cases). Our Audit began on September 3, 2024, with a Request for Supporting Documentation. Historically, our audits have taken a very short time; however, we welcomed the audit as we support the mission of OIG in investigating fraud and waste. SAILS also recently learned from this OIG audit that it was initiated because of risks identified by HHSC regarding our Center for Independent

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Living (CIL) performance for 2023, including a decline in the number of services provided and underutilization of funds. SAILS was unaware of any concerns in this matter. Additionally, SAILS was recently awarded additional funding because we successfully expended all funds. Furthermore, our track record has proven exceptional and successful over time. SAILS was awarded ten additional counties in the Central Texas region. These are indications of success in the Purchased Services contract.

SAILS would like to note that all funds were expended in FY 2023 under the Purchased Services Contract and a nominal amount of \$1,935.00 were not expended in the Base program. CIL numbers served will always vary, especially in the Purchased Services contract due to the different costs of the durable medical equipment, other items and services.

Finally, the thoroughness of the OIG audit and the recommendations SAILS has received from the OIG team will most assuredly benefit SAILS as we have already implemented policies and procedures that will continue to assist us in managing the Purchased Services contract and provide good stewardship of the funding.

Action Plan: Submit Quality Assurance policy and Policy on Independent Living Plan Amendment or Addendum (Purchased Services Contract) to the Board of Directors March 12, 2025 for approval. Note: These policies encompass IL Plans, reviewing a minimum of 10 percent of cases, eligibility determinations and adherences to the purchasing procedures and much more.

Responsible Manager:

- Program Director
- Chief Executive Officer

Target Implementation Date: March 13, 2025

Recommendation 1b

SAILS should develop policies and procedures required by the ILS Standards.

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Action Plan

SAILS will develop policies required by the ILS Standards. SAILS has submitted the following policies to the SAILS Board of Directors for approval on March 12, 2025. These policies were recommended by OIG on a February 18, 2025 summary report that SAILS received. The Chief Executive Officer wanted to ensure these policies were presented timely at the SAILS March 12, 2025 Board of Directors meeting for approval so they could be implemented.

Responsible Manager:

- Program Director
- Chief Executive Officer

Target Implementation Date: March 13, 2025



Kitty L. Brietzke, J.D., Chief Executive Officer
San Antonio Independent Living Services
3/20/2025



Abel Zamora, Director of Programs and Development
San Antonio Independent Living Services
3/20/2025

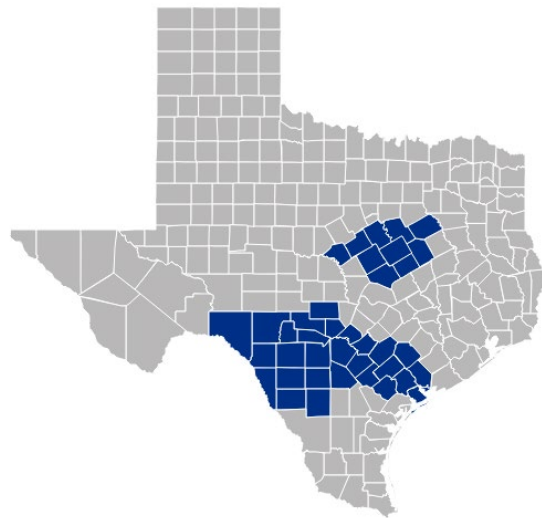
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Appendix D: Entity at a Glance

SAILS is a CIL contracted with HHSC to provide independent living services to people with significant disabilities. Any person who resides in a CIL's service area and has a significant disability is eligible for service at that CIL. In 2023 SAILS received \$1,320,951 to provide core and purchased services in the 38 counties in the San Antonio and Waco areas shown in Figure D.1.

According to HHSC's Independent Living Services Annual Report for fiscal year 2023, SAILS provided 6,105 individuals with information and referral services under its core services contract, served 404 individuals with independent living plans under its core services contract, and served 202 people with independent living plans under its purchased services contract.

Figure D.1: SAILS Service Area



Source: OIG Audit

Appendix E: Resources for Additional Information

The following resources provide additional information about the topics covered in this report.

For more information on Independent Living Services:

Texas Health and Human Services, Independent Living Services homepage, <https://www.hhs.texas.gov/services/disability/independent-living-services> (accessed Feb. 5, 2025)

For more information on Centers for Independent Living:

Texas Health and Human Services, Centers for Independent Living homepage, <https://www.hhs.texas.gov/providers/assistive-services-providers/centers-independent-living-cil> (accessed Feb. 5, 2025)

For more information on San Antonio Independent Living Services:

Homepage, San Antonio Independent Living Services, <https://sailstx.org/> (accessed Feb. 5, 2025)

Appendix F: Report Team and Distribution

Report Team

OIG staff members who contributed to this audit report include:

- Anton Dutchover, CPA, Deputy Inspector General of Audit and Inspections
- Patrick Smith, CIA, Audit Director
- George D. Eure, CPA, Senior Managing Auditor
- Kristian Taylor, CIA, Senior Auditor
- Christopher Alexander, Staff Auditor
- John Poynor, Staff Auditor
- James Hicks, CISA, Quality Assurance Reviewer
- Mo Brantley, Senior Audit Operations Analyst

Report Distribution

Texas Health and Human Services Commission

- Cecile Erwin Young, Executive Commissioner
- Kate Hendrix, Chief of Staff
- Maurice McCreary, Jr., Chief Operating Officer
- Jordan Dixon, Chief Policy and Regulatory Officer
- Karen Ray, Chief Counsel
- Michelle Alletto, Chief Program and Services Officer
- Sylvia Hernandez Kauffman, Chief Information Officer
- Nicole Guerrero, Chief Audit Executive
- Haley Turner, Deputy Executive Commissioner, Community Services Division

- Dana McGraph, Associate Commissioner, Local Access and Support Program
- Cecilia Berrios, Director, Independent Living Services Program

San Antonio Independent Living Services

- Kitty L. Brietzke, J.D., Chief Executive Officer
- Charles Villarreal, Chief Financial Officer
- Abel Zamora, Director of Programs and Development

Appendix G: OIG Mission, Leadership, and Contact Information

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

- Raymond Charles Winter, Inspector General
- Susan Biles, Principal Deputy Inspector General
- Kacy J. VerColen, Chief of Audit and Inspections
- Eugenia Krieg, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Diane Salisbury, Chief of Data Reviews
- Matt Chaplin, Chief of Operations
- Steve Johnson, Chief of Investigations and Utilization Reviews

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- Online: <https://oig.hhs.texas.gov/report-fraud-waste-or-abuse>
- Phone: 1-800-436-6184

To Contact OIG

- Email: oig.generalinquiries@hhs.texas.gov
- Mail: Texas Health and Human Services
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000