

**SUBJECT:** Requiring external auditor to conduct efficiency audit of TANF program

**COMMITTEE:** Human Services — committee substitute recommended

**VOTE:** 5 ayes — Frank, Hull, Klick, Noble, Shaheen

3 nays — Hinojosa, Meza, Rose

1 absent — Neave

**WITNESSES:** For — Vance Ginn, Texas Public Policy Foundation; (*Registered, but did not testify*: Carrie Simmons, Opportunity Solutions Project)

Against — (*Registered, but did not testify*: Stacey Pogue, Every Texan; Rene Lara, Texas AFL-CIO; Tyler Sheldon, Texas State Employees Union)

On — Hilary Davis, Texas Health and Human Services Commission; (*Registered, but did not testify*: Courtney Arbour, Texas Workforce Commission)

**BACKGROUND:** Human Resources Code ch. 31 governs the Temporary Assistance for Needy Families (TANF) program, and ch. 34 governs the state temporary assistance and support services program.

Some have suggested the need to conduct regular efficiency audits of the TANF program to determine whether the state and federal government's financial investments in this program are ensuring the best outcomes for recipients of TANF benefits.

**DIGEST:** CSHB 1516 would require an external auditor to conduct an efficiency audit of the federal Temporary Assistance for Needy Families (TANF) program and the state temporary assistance and support services program. An external auditor would have to conduct an efficiency audit in 2022 and every sixth year after that year.

Under the bill, an "efficiency audit" would mean an investigation of the implementation and administration of the programs to examine fiscal management, efficiency of the use of resources, and the effectiveness of state efforts in achieving the goals of the TANF program.

**External auditor.** By March 1 of the year in which an efficiency audit was required, the state auditor would have to select an external auditor to conduct the efficiency audit.

The external auditor would have to be independent and not subject to direction from the Health and Human Services Commission (HHSC) or any other state agency subject to evaluation by the auditor or that received or spent money under the programs to be audited.

**Efficiency audit; costs.** The bill would require the external auditor to complete the audit by the 90th day after the date the auditor was selected.

The bill would require HHSC to pay the costs associated with the efficiency audit using existing resources and require the state auditor to ensure the external auditor conducted the audit in accordance with the bill's requirements.

**Legislative Budget Board.** The bill would require the Legislative Budget Board (LBB) to establish the scope of the efficiency audit and determine the areas of investigation for the audit, including:

- reviewing a program's resources to determine whether those resources were being used effectively and efficiently and whether those resources were not being used for the programs' intended goals;
- identifying cost savings or reallocations of resources; and
- identifying opportunities for improving services through consolidation of essential functions, outsourcing, and elimination of duplicative efforts.

**Report.** By November 1 of the year an efficiency audit was conducted,

the external auditor would have to prepare and submit a report of the audit and recommendations for efficiency improvements to the governor, the Legislative Budget Board, the state auditor, the executive commissioner of HHSC, and the chairs of the House Human Services Committee and the Senate Health and Human Services Committee.

The bill would require the executive commissioner of HHSC and the state auditor to publish the report, recommendations, and full audit on the commission's and the state auditor's website.

The bill would take effect September 1, 2021.