



A Report on
**Contract Monitoring Assessment
at Certain State Agencies**

April 15, 2020

Members of the Legislative Audit Committee:

In accordance with Texas Government Code, Section 2261.258, the State Auditor's Office (SAO) has assigned contract monitoring ratings of *additional monitoring warranted*, *no additional monitoring warranted*, or *reduced monitoring warranted* to each of the 25 largest state agencies. Those agencies were determined by the Legislative Budget Board. That statute requires a report on those ratings to be submitted to the Office of the Comptroller of Public Accounts (Comptroller's Office) and the Department of Information Resources (Department) by September 1 of each year; that report is attached to this letter. The Comptroller's Office and the Department are responsible for developing guidelines for the *additional* and *reduced* monitoring.

For the purposes of this project, the SAO reviewed and analyzed relevant information from multiple sources specified in Texas Government Code, Section 2261.258 (see text box). No single source was used to assign a rating of *additional monitoring warranted* or *reduced monitoring warranted*.

Agencies were rated as follows:

- Five (20 percent) were rated *additional monitoring warranted* for at least one contracting period.
- Eight (32 percent) were rated *reduced monitoring warranted* for at least one contracting period.
- Twelve (48 percent) were rated *no additional monitoring warranted* for any contracting period.

For each agency assigned a rating of *additional monitoring warranted* or *reduced monitoring warranted*, the SAO specifies the contracting period(s) to which that rating applies (contract solicitation development, contract formation and award, or contract management and termination).

SAO Report No. 20-028

Objective, Scope, and Methodology

The objective of this project was to assign contract monitoring ratings to the largest 25 state agencies, as determined by the Legislative Budget Board. The project scope included information from March 29, 2016, through March 1, 2020.

Contracting-related information reviewed included audits conducted by the State Auditor's Office, audits conducted by agencies' internal audit divisions, purchase audits conducted by the Office of the Comptroller of Public Accounts, Quality Assurance

Team^a reviews, Contract Advisory Team^a reviews, Legislative Budget Board reviews, Sunset Advisory Team reviews, and self-reported improvements and analyses provided by the agencies rated. This project was not an audit, and the information in this report was not subjected to all the tests and confirmations that would be performed in an audit. However, the information in this report was subjected to certain quality control procedures to ensure accuracy.

The following members of the State Auditor's staff performed the project:

- Matthew M. Owens, CFE, CGAP, CIA (Project Manager)
- Shaun Alvis, JD
- Lindsay Escalante, MPSA
- Mary Ann Wise, CPA, CFE (Quality Control Reviewer)
- Cesar Saldivar, CFE, CGAP (Audit Manager)

^a The SAO serves on the Quality Assurance Team and Contract Advisory Team in a non-voting, advisory capacity.

Members of the Legislative Audit Committee

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Sincerely,

Lisa R. Collier, CPA, CFE, CIDA

First Assistant State Auditor

Attachment

cc: The Honorable Greg Abbott, Governor
The Honorable Glenn Hegar, Comptroller of Public Accounts
Members of the Department of Information Resources Governing Board
Ms. Amanda Crawford, Executive Director, Department of Information Resources
Mr. Jerry McGinty, Executive Director, Legislative Budget Board
Commissioners, Executive Directors, Chancellors, and Presidents of the Following State Agencies and
Higher Education Institutions:
Commission on Environmental Quality
Department of Criminal Justice
Department of Family and Protective Services
Department of Public Safety
Department of State Health Services
Department of Transportation
General Land Office and Veterans' Land Board
Health and Human Services Commission
Higher Education Coordinating Board
Office of the Attorney General
Parks and Wildlife Department
Teacher Retirement System
Texas A&M University System
Texas Education Agency
Texas Facilities Commission
Texas Lottery Commission
Texas State University System
Texas Tech University
Texas Workforce Commission
The University of Texas at Austin
The University of Texas M.D. Anderson Cancer Center
The University of Texas System Administration
University of Houston
University of North Texas



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Attachment

Contract Monitoring Assessment

Tables 1 through 3 list the agencies and the contract monitoring ratings assigned to those agencies. For each agency assigned a rating of *additional monitoring warranted* or *reduced monitoring warranted*, the contracting period(s) to which that rating applies are specified.

Table 1

Rating: <i>Additional Monitoring Warranted</i>			
Agency	Applicable Contracting Period(s) ^a		
	Contract Solicitation Development	Contract Formation and Award	Contract Management and Termination
Department of Public Safety	✓		✓
Department of State Health Services	✓		
Health and Human Services Commission	✓	✓	✓
Teacher Retirement System	✓		✓
Texas Education Agency	✓		✓

^a The absence of a checkmark indicates no additional monitoring warranted for that contracting period.

Table 2

Rating: <i>Reduced Monitoring Warranted</i>			
Agency	Applicable Contracting Period(s) ^a		
	Contract Solicitation Development	Contract Formation and Award	Contract Management and Termination
Commission on Environmental Quality			✓
Department of Criminal Justice	✓	✓	
Department of Information Resources	✓		✓
Higher Education Coordinating Board			✓
Texas Lottery Commission	✓	✓	✓
University of Houston	✓		
University of North Texas		✓	
The University of Texas System Administration	✓		

^a The absence of a checkmark indicates no additional monitoring warranted for that contracting period.

Table 3

Rating: <i>No Additional Monitoring Warranted (For Any Contracting Period)</i>	
Agency	
<ul style="list-style-type: none"> ▪ Department of Family and Protective Services ▪ Department of Transportation ▪ General Land Office and Veterans' Land Board ▪ Office of the Attorney General ▪ Parks and Wildlife Department ▪ Texas A&M University System 	<ul style="list-style-type: none"> ▪ Texas Facilities Commission ▪ Texas State University System ▪ Texas Tech University ▪ The University of Texas at Austin ▪ The University of Texas M.D. Anderson Cancer Center ▪ Texas Workforce Commission