

Table of Contents

Key Points

Executive Summary	1
--------------------------------	---

Section 1:

Agencies and Institutions Reporting Compliance with the Contract Workforce Rider Accounted for the Majority of Contract Workforce Spending	5
---	---

Agencies and Institutions Reported That the Majority of Their Noncompliance Was for Failure to Conduct Cost-Benefit Analyses Before Contracting for Services.....	6
---	---

Large Agencies and Institutions Reported the Highest Rates of “Best Practices” Implementation	7
---	---

Agencies and Institutions Reported High Rates of Satisfactory Contract Completion.....	7
--	---

Section 2:

The Contract Workforce Data Collection and Analysis Process Needs Improvement	8
--	---

Problems With the New Data Collection Process Delayed Analysis and Reporting of Contract Workforce Information	8
--	---

Current USAS Expenditure Codes Did Not Adequately and Accurately Capture Information Needed to Review the Types of Services for Which the State Contracted in Fiscal Year 2000	10
--	----

Several Categories of Contract Workforce Expenditures Were Not Included in the Current Reporting Requirements.....	12
--	----

Frequent Miscoding of Service Type Limits the Reliability of Contract Workforce Data	13
--	----

Section 3:

Over \$1 Billion is Estimated for Agencies’ and Institutions’ Spending on a Variety of Contracts to Supplement the State Employee Workforce	14
--	----

Counting Contract Workers Is Difficult When Using Performance-Based Contracts.....	15
--	----

Table of Contents, Concluded

Most of the State’s Contract Work Was Outsourced.....	15
Agencies Reported More Total Contract Workforce Spending Than Institutions	15
Large Agencies Dominated Contract Workforce Spending.....	16
Medical Services Was the Largest Contract Workforce Spending Category.....	16
Medical Services Category Dominated the State’s Outsourced Contract Spending	18
Other Professional Services Category Accounted for the Most Non-Outsourced Dollars.....	18
Article V and Article II Led in Contract Workforce Expenditures	19

Appendices

1 - Objectives, Scope, and Methodology	20
2 - Text of the Contract Workforce Rider.....	22
3 - 1999 Contract Workforce Survey	23
4 - Comptroller USAS Expenditure Code Definitions.....	27

Key Points of Report

A Report on the State's Contract Workforce Use and Contract Workforce Data Collection

March 2001

Overall Conclusion

Fifty-six percent (87 of the 154) of the state agencies (agencies) and educational institutions (institutions) using contract services in 1999 reported full implementation of the "Best Practices" required by the Contract Workforce Rider [General Appropriations Act, Article IX, Sec. 9-11.18.] These entities accounted for 96 percent of all contract workforce expenditures reported in the first half of fiscal year 2000. We expect to release a report in the near future on the most recent survey of "Best Practices" implementation.

The data collection and analysis process needs some improvements to provide timely, accurate, and useful data to decision makers. Many agencies and institutions did not submit their contract workforce data by the reporting deadline, and there were some technical difficulties in the reporting system. Both of these problems delayed the preparation of this report. In addition, changes to the Uniform Statewide Accounting System (USAS) expenditure codes are needed to efficiently meet the State's contract workforce information needs.

Despite problems with data collection and analysis, we were able to draw some conclusions about the State's contract workforce use. During the first half of fiscal year 2000, over 100 agencies and institutions reported spending \$689 million on a variety of contracted work to supplement, or substitute for, the efforts of regular state employees. At this rate, total contract workforce expenditures will exceed \$1 billion for the year, or just over two percent of the State's \$49 billion appropriated budget.

Key Facts and Findings

- Most "Best Practices" noncompliance reported was due to failure to routinely conduct cost benefit analyses before contracting for services or renewing contracts.
- Seventy-four percent of contract workforce spending was for outsourced services. Outsourced work is conducted and managed by non-state employees.
- The Department of Criminal Justice, the Department of Health, the Department of Human Services, and the Department of Transportation together accounted for 70 percent of all reported contract workforce spending.
- Medical services accounted for the largest share (36 percent) of reported expenditures.
- Almost one-third of all contract workforce expenditures were assigned to two USAS expenditure codes that are so broadly defined it is difficult to draw meaningful conclusions about the nature of the contracted services.
- Technical problems significantly delayed the submission and analysis of data, thereby delaying the release of this report. Most of these problems have been corrected for the 2000 reporting year.

Contact

Deborah L. Kerr, Ph.D., Audit Director, (512) 936-9500

Office of the State Auditor

Lawrence F. Alwin, CPA



The State Auditor's Office performed this work under the authority of Texas Government Code, Section 321.013, to comply with the requirements of the Contract Workforce Rider, General Appropriations Act, 76th Legislature, Article IX, Section 9-11.18.

Executive Summary

Fifty-six percent (87 of 154) of the state agencies (agencies) and educational institutions (institutions) using contract services in fiscal year 1999 reported full implementation of the “Best Practices” required by the Contract Workforce Rider (General Appropriations Act, Article IX, Section 9-11.18.) We expect to release a report in the near future on the most recent survey of “Best Practices” implementation.

The contract workforce data collection and analysis process needs some improvements to provide timely, accurate, and useful data to decision makers. Technical problems significantly delayed the submission and analysis of data, thereby delaying the release of this report. Most of these problems have been corrected for the 2000 reporting year.

Despite problems with data collection and analysis, we were able to draw some conclusions about the State’s contract workforce use. Over 100 state agencies and institutions reported using a variety of contracted services. Total contract workforce expenditures exceeded \$1 billion for fiscal year 2000.

Contract workforce refers to the State’s use of contract services to supplement, or substitute for, the efforts of regular state employees. Statewide data on contract workforce use for contracts over \$10,000 in 25 expenditure categories was collected for the first time in fiscal year 2000 (including some 1999 data). This report is the first review of both the data and the reporting process itself.

Agencies and Institutions Reporting Compliance With the Contract Workforce Rider Accounted for the Majority of Contract Workforce Spending

The 87 agencies and institutions indicating full compliance with the four “Best Practices” provisions of the contract

workforce rider reported spending \$660 million (96 percent) of the total statewide contract workforce expenditures reported for the first half of fiscal year 2000.

The majority of reported noncompliance involved failure to routinely conduct cost benefit analyses before contracting for services. However, noncompliance was reported in each of the other “Best Practices” areas as well: implementation of contract workforce policies and procedures, examination of related legal and personnel issues, and consideration of how the use of contracted services meets overall staffing needs.

Agencies and institutions are required to implement all four “Best Practices” before spending state-appropriated funds on a contract workforce.

The Contract Workforce Data Collection and Analysis Process Needs Improvement

Data collection and analysis problems created delays in reporting contract workforce information to decision makers.

The failure of agencies and institutions to submit contract workforce information in a timely manner and difficulties in creating, communicating, and implementing the new data collection process delayed the data analysis and reporting of contract workforce information. Most agencies and institutions did not submit the required compliance information until after the reporting deadline. Some delays were as long as six months. The State Auditor’s Office also experienced technical problems with its online “Best Practices” survey and the expenditure reporting format that further delayed the process. The State Auditor’s Office has since resolved most of these technical difficulties.

Executive Summary

In addition, the Uniform Statewide Accounting System (USAS), which is maintained by the Comptroller of Public Accounts, was designed as an accounting system and is thus somewhat limited in meeting the State's needs for contract information. Current USAS expenditure codes did not adequately or accurately capture information on the types of services for which the State contracted in fiscal year 2000. Despite the recent implementation of a new reporting system, the following problems continue to hamper data collection:

- Some USAS expenditure codes remain too broadly defined to draw meaningful conclusions about the reported contract work. Two examples are Other Professional Services and Purchased Contract Services, which together accounted for \$200 million, or about one-third of all reported contract workforce expenditures.
- Some expenditure codes are too narrow, providing very limited information for the expense involved in creating and maintaining them.
- Expenditure codes sometimes overlap, which may lead agencies and institutions to inconsistently categorize their contract expenditures.
- Some significant areas of contract work were not included in the data collection system. These include contracts for daily care and lodging for wards of the State, building construction, road construction and maintenance, and most contracted maintenance and repair services.
- Some agencies and institutions consistently miscode expenditures and fail to correct their reporting errors, which makes it difficult to fully

characterize how some of the State's contract workforce dollars are spent.

Agencies and Institutions Reported Spending Over \$1 Billion on a Variety of Contracts to Supplement the State Employee Workforce

In the first half of fiscal year 2000, over 100 agencies and institutions together reported spending \$4.7 billion on employee salaries and benefits and an additional \$689 million on a variety of contracted services to supplement the efforts of regular state employees. At this rate, total contract workforce spending for the year will exceed \$1 billion, or somewhat more than two percent of the State's \$49 billion fiscal year 2000 appropriated budget.

Data collected on statewide contract workforce expenditures revealed the following:

- Most of the State's contract work was outsourced. In the first half of fiscal year 2000, 74 percent of reported contract workforce expenditures were for outsourced services.

Outsourcing refers to the practice of hiring an outside contractor to either perform a specific project or function, or to conduct and manage the work of an entire facility. In contrast, *non-outsourced* work involves the use of contract workers alongside and under the direct supervision of regular state employees.

- Four large agencies¹ together reported 70 percent of the State's total reported contract workforce spending. Agencies as a group reported 92 percent of spending. However, because institutions had the option of using non-appropriated funds for their contracts, which would

¹ Department of Criminal Justice, Department of Health, Department of Human Services, and Department of Transportation

Executive Summary

not be subject to contract workforce reporting requirements, their actual use of contract services may be higher than what is reported here.

- Medical Services accounted for the largest share of contract workforce spending overall, as well as the largest share of outsourced spending. Other Professional Services was second in overall spending and first for non-outsourced contracts. The State also expended substantial funds to contract for Architectural and Engineering Services and a variety of information technology services.

However, it appears that agencies and institutions did not correctly categorize substantial expenditures, listing them in the two broadly defined miscellaneous categories of Other Professional Services and Purchased Contract Services rather than in the appropriate specific service category.

Summary of Management's Response

The Comptroller of Public Accounts looks forward to working with the State Auditor's Office to identify ways to improve the usefulness of USAS contract workforce data.

Summary of Objectives, Scope, and Methodology

The objectives of this analysis were to:

- Establish how many state agencies and educational institutions have complied with contract workforce rider "Best Practices" and reporting requirements.
- Identify how and where the State's contract workforce dollars are being spent.
- Identify and, if possible, remove reporting barriers.

Only information self-reported by state agencies and state educational institutions (state universities and their affiliates, and state technical colleges) was considered in this review. All data shown in graphs and charts is based on this self-reported data.

Agencies and institutions using appropriated funds for contract services were required to report to the State Auditor's Office on contracts with annual expenditures of \$10,000 or more within a selected list of 25 object codes (see Appendix 4 for a complete list). Both outsourced and non-outsourced expenditures were included.

Additionally, all state agencies, universities and their affiliates, and technical colleges were required to complete an online survey regarding (1) their implementation of the "Best Practices" required by the contract workforce rider and (2) the completion status of their previous year's contracts.

No audit work on this self-reported information was performed.

This page intentionally left blank.

Agencies and Institutions Reporting Compliance with the Contract Workforce Rider Accounted for the Majority of Contract Workforce Spending

State agencies (agencies) and educational institutions (institutions) indicating compliance with the four “Best Practices” provisions of the contract workforce rider to the 2000-2001 General Appropriations Act reported \$660 million (96 percent) of the statewide contract workforce expenditures reported for the first half of fiscal year 2000. For the purposes of this report, *institutions* refers to state universities (and their affiliates) and state technical colleges.

What is a Contract Workforce?

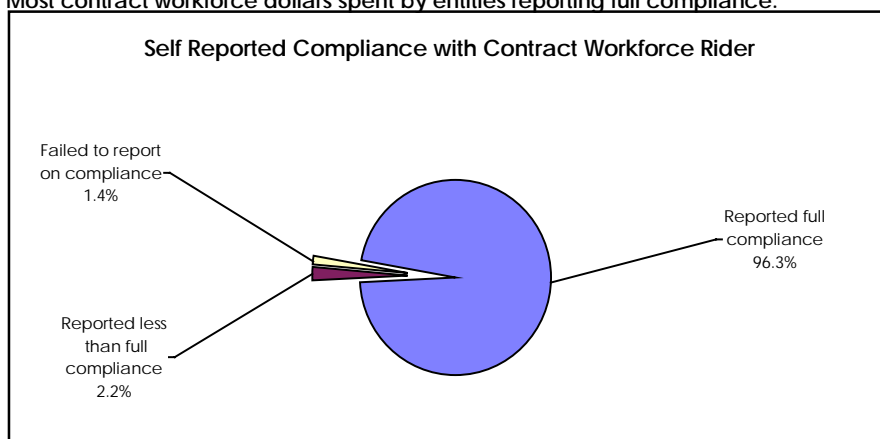
Contract workforce refers to the State’s use of non-state employees to supplement the efforts of regular state employees. Such workers may work alongside regular employees, or entire functions, projects, or programs may be contracted out through contract, purchase order, or interagency agreement.

Agencies and institutions failing to report on their compliance or indicating they had not complied with all four “Best Practices” provisions reported spending \$25 million on their contract workforces during the first half of fiscal year 2000, which is about 4 percent of the statewide total. (See Figure 1.)

Of the 154 agencies and institutions that reported using workforce contracts in fiscal year 1999, 87 (56 percent) indicated compliance with the rider. Sixty-seven of the 154 (44 percent), reported they did not fully comply with the

rider. The agencies and institutions that failed to report on their fiscal year 1999 compliance spent approximately \$9 million on their contract workforce. We plan to release a report in the near future on the most recent survey of “Best Practices” implementation.

Figure 1:
Most contract workforce dollars spent by entities reporting full compliance.



Historically, the State of Texas has not collected detailed data on its use of contract workers. However, with the 1999 enactment of the contract workforce rider, the State collected data for the first time in fiscal year 2000 through a cooperative effort between agencies and institutions, the Comptroller of Public Accounts (Comptroller), and the State Auditor’s Office. This

report is the first review of this data and the reporting process itself.

Section 1-A:

Agencies and Institutions Reported That the Majority of Their Noncompliance Was for Failure to Conduct Cost-Benefit Analyses Before Contracting for Services

Of the 154 agencies and institutions that used contract services in fiscal year 1999:

- Fifty reported that they did not complete a cost-benefit analysis before contracting for services. In the first half of fiscal year 2000, 25 of these 50 entities reported using contract services, spending a total of \$7 million.
- Forty-seven entities reported that they did not have or had not yet implemented policies and procedures addressing the use of a contract workforce. Only 13 of the 47 reported having contract workforce expenditures in fiscal year 2000. These 13 entities reported spending close to \$9 million dollars in the first half of fiscal year 2000.
- Twenty-seven reported that they did not consider the legal and personnel issues related to the use of a contract workforce. Only 14 of these reported having contract workforce expenditures for a total of \$3.25 million in the first half of fiscal year 2000.
- All but 13 entities using contract services reported that they considered all suggested factors in developing their staffing strategies. Ten entities reported that they had not considered any of them. Nine of these were small agencies.

Contract Workforce Rider Requirements

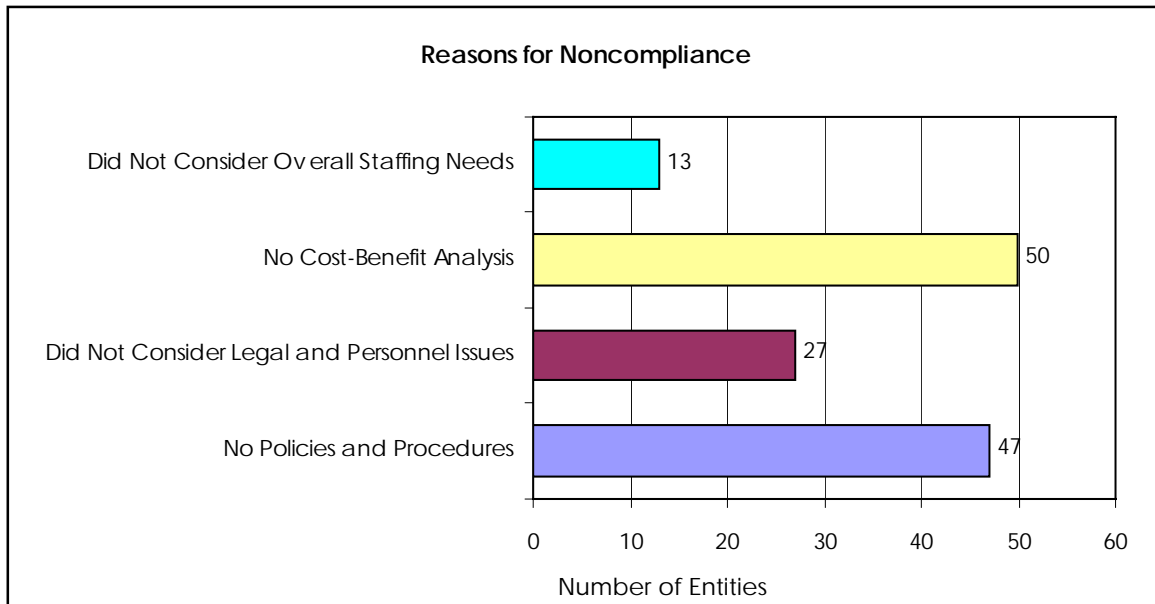
Agencies and institutions must report annually on their contract workforce policies and use for the previous fiscal year, including the status of completed contracts and whether the following "Best Practices" have been implemented:

- Development of contract workforce policies and procedures
- Examination of related legal and personnel issues
- Completion of a cost-benefit analysis of current contract workforce use before entering into new contracts
- Consideration of how contract workforce use fits into overall staffing needs

Agencies and institutions report this information by completing a survey on the State Auditor's Office website. The State Auditor is required to report any noncompliance to the Comptroller of Public Accounts and the Legislative Audit Committee.

See Appendix 2 for full text of the rider.

Figure 2:
The majority of noncompliance was for failure to conduct cost benefit analyses before contracting for services.



Section 1-B:

Large Agencies and Institutions Reported the Highest Rates of “Best Practices” Implementation

Eighty-six percent of large agencies and institutions (those with more than 1,000 employees) reported full compliance with all “Best Practices.” In contrast, only 61 percent of medium sized agencies and institutions (those with 100 to 1,000 employees) and 38 percent of small agencies and institutions (those with fewer than 100 employees) reported full compliance.

Section 1-C:

Agencies and Institutions Reported High Rates of Satisfactory Contract Completion

Agencies reported 2,777 workforce contracts (excluding temporary employment agency contracts) in fiscal year 1999. They reported that 95 percent were completed on time and 97 percent were completed within budget and met contract specifications.

Institutions reported 636 workforce contracts (excluding temporary employment agency contracts) in fiscal year 1999. They reported that 99 percent were completed on time and none exceeded budget or failed to meet contract specifications.

The Contract Workforce Data Collection and Analysis Process Needs Improvement

Data collection and analysis problems created delays in reporting contract workforce information to decision makers. Most agencies and institutions initially failed to submit the required information in a timely manner. The State Auditor's Office also experienced technical problems that further delayed the process. While many of these problems have now been resolved, it remains difficult to use the contract workforce data from the Uniform Statewide Accounting System (USAS) to provide meaningful analysis of the State's contract workforce use.

The following problems make it difficult to provide useful information on the State's contract workforce:

- Current USAS expenditure codes, which are maintained by the Comptroller, do not adequately capture information needed to analyze the types of contract services the State uses. Some codes are too broadly or too narrowly defined to provide meaningful information. In addition, USAS expenditure codes sometimes overlap, which leads to inconsistent reporting of data. The Comptroller has been working with the State Auditor's Office to develop an efficient contract workforce reporting system through USAS.
- Some agencies and institutions consistently miscode expenditures, which degrades the accuracy of data on the types of services used. This erroneous information may distort the picture state policymakers have about how much money is spent for specific contracted services.
- Some categories of services were not included in the list of 25 contract workforce reportable expenditure codes.

What is an Expenditure Code?

Expenditure codes, also known as object codes, are categories established by the Comptroller and used by the State to classify its expenditures. The current expenditure code system was set up to classify items in broad accounting categories. Periodically, expenditure codes have been added to capture other types of specific information or "break out" particular information from its general category.

Problems With the New Data Collection Process Delayed Analysis and Reporting of Contract Workforce Information

Technical problems and difficulties in creating, communicating, and implementing the new data collection process delayed data analysis and the reporting of contract workforce information to decision makers.

In August 1999, the State Auditor's Office notified agencies and institutions of contract workforce reporting requirements and the December 1, 1999 reporting deadline. However, as of March 2000, few entities had completed the "Best Practices" online survey or submitted contract workforce expenditure information.

The State Auditor's Office experienced technical difficulties in the creation, communication, and implementation of the new data collection process, all of which delayed data analysis and the release of this report. These difficulties affected the online survey and the expenditure-reporting format that was provided to agencies. The resolution of these technical problems and enhanced communication with the agencies and institutions has improved the timeliness of 2000 reporting.

Difficulties that hindered the timely collection, analysis, and reporting of contract workforce information included the following:

- Agencies and institutions were required to report on their contract workforce use for the prior fiscal year. They had never been required to report on this type of data before; therefore, many did not have a mechanism in place for capturing it.
- The data collection task required agencies and institutions to gather information from both human resources and contracting/purchasing offices. In some agencies, these functions are decentralized, requiring the collection of information from many separate offices or divisions, which can be time-consuming.
- Technical problems with the online survey caused the loss of some reported data. Some agencies and institutions had difficulty recreating the lost information. In a number of cases, State Auditor's Office staff had to hand enter data for reporting entities.
- The online survey instrument for fiscal year 1999 used an essay format, which complicated the data comparison and analysis process. Therefore, the 2000 survey was revised using a multiple-choice format.
- The contract workforce reporting instruction letter did not make it clear that only contract workforce employees paid for with appropriated funds had to be reported. This letter also did not provide clear instructions on how to submit contract workforce expenditure information through USAS.
- Agencies were given the option to report contract workforce expenditure data using Microsoft Excel spreadsheets instead of through USAS. Some agencies and institutions used other formats, which caused significant delays in compiling the data for analysis.

Current USAS Expenditure Codes Did Not Adequately and Accurately Capture Information Needed to Review the Types of Services for Which the State Contracted in Fiscal Year 2000

Current USAS expenditure codes do not easily accommodate the State's contract information needs. USAS was primarily designed as an accounting system, rather than as a management information system. Over the years, because of requests by agencies, oversight bodies, and legislators, numerous "informational" codes have been added to USAS on an ad hoc basis. The resulting design is a collection of categories within the State's broader accounting framework. These categories are based on past information requests, but may not reflect the State's present information needs.

The following problems limited our ability to efficiently obtain accurate data from USAS on the types of services for which the State contracted in fiscal year 2000:

- Some expenditure codes are so broadly defined that they group together unrelated information, making it difficult to draw meaningful conclusions about the nature of the contracted work. For example, in fiscal year 2000 data, the Other Professional Services expenditure code included such varied contract services as counseling, land surveying, bridge inspection, pharmacy management, drilling and core sampling and administration of child advocacy programs. The category Purchased Contracted Services captured a similar miscellany of unrelated contract services, including well plugging, parole services, materials testing and disability claims review. As noted in Section 3 of this report, these two categories together accounted for \$200 million, or about one-third of all reported contract workforce expenditures in the period we reviewed.

In these instances, the selection of these broad categories by the reporting entities does not appear unreasonable, given the choices available and the guidelines provided in the Comptroller's *Manual of Accounts*. (Actual errors in the selection of expenditure codes are addressed later in this section.)

- Some expenditure categories are too narrow and specific, adding little overall informational value. Race Track Officials is one example. For such specific information, especially information that relates to only a single agency, it may be more cost efficient to contact the agency directly to obtain the information, rather than create a new expenditure code.
- Some expenditure categories overlap, which leads to inconsistent reporting of data. Existing code definitions sometimes try to capture dissimilar types of information (such as source of worker, type of work, and type of contract agreement). As a result, a particular expenditure could meet the criteria for several categories. For example, expenditures for a worker contracted through a temporary employment agency to provide data processing services could be classified under the codes for Temporary Employment Agencies or Data Processing Services. This forces agencies and institutions to arbitrarily choose between the two categories, which leads to reporting inconsistencies

among entities. Without the development of standards for establishing and defining expenditure categories, such overlap is likely to continue.

In February 1999, in *A Report on the State's Contract Workforce* (99-028), the State Auditor's Office made recommendations to the Comptroller regarding the need to simplify and clarify USAS codes. Since that time, the Comptroller has been working with the State Auditor's Office to develop a reporting system that will efficiently collect useful information on the State's contract workforce.

In an effort to make detailed contract information available on USAS, the Comptroller has activated a USAS information form (30 Contract Profile) on which agencies and institutions can report descriptions of individual contracts. However, using the USAS expenditure code system remains the only method for easily categorizing contract workforce expenditures by service type. Therefore, the Comptroller continues to work with the State Auditor's Office to identify expenditure code modifications that will efficiently provide more useful contract workforce information.

The Comptroller is currently working on expenditure code changes needed to comply with recent Governmental Accounting Standards Board (GASB) Statements 34 and 35. Due to the magnitude of the changes involved in this implementation, the State Auditor's Office has agreed that any contract workforce-related expenditure code changes should be integrated with these changes. The Comptroller's office has agreed to work together with the State Auditor's Office to accomplish this over the coming year.

Recommendation:

The Comptroller should:

- Create several more descriptive expenditure codes to replace the two broadly defined categories of Other Professional Services and Purchased Contracted Services. These new categories may also be broad, but the titles should be descriptive and should endeavor to group similar services together. Such codes might also incorporate several existing narrow categories.
- Avoid narrow expenditure codes, especially those relating only to a single agency. However, we recognize there may be some instances in which narrow expenditure codes are necessary and useful for accounting or tax purposes (for example, Lottery Winnings).
- Establish standards for defining and separating expenditure codes in an effort to make categories mutually exclusive.
- Continue to work with the State Auditor's Office to develop an efficient contract workforce reporting system. The Comptroller should work with the State Auditor's Office to identify and resolve obstacles in using USAS to meet the State's changing information needs.

Management's Response:

The Comptroller's Office looks forward to working with the Auditor's Office to identify ways of better utilizing the Uniform Statewide Accounting System to gather contract workforce information.

Section 2-C:

Several Categories of Contract Workforce Expenditures Were Not Included in the Current Reporting Requirements

The current reporting system does not capture all of the State's contract workforce expenditures. In addition, the selected codes also capture some non-contract workforce expenditures. This makes it difficult to accurately quantify and report on the State's contract workforce usage.

The current reporting system is based on a list of available USAS expenditure codes selected by the State Auditor's Office to represent the State's significant contract workforce expenditures. However, based on the first year of data and a further review of the Comptroller's *Manual of Accounts* (Volume 1, Section 5, May 2000 edition), the State Auditor's Office is considering the addition of several categories to the current list of 25 reportable expenditure codes (see Appendix 4 for a current list). These additional codes may help us produce a more thorough evaluation of the State's contract workforce use.

Some examples of contract services not captured in the current contract workforce expenditure code list include:

- Care and Lodging of Inmates (although their medical care is captured).
- Road Construction, Maintenance, or Repair.
- Building Construction, Maintenance, Repair, or Remodeling.
- Maintenance and Repair of Furnishings and Non-Computer Equipment.
- Lottery Operator Service Fees.

In addition, some expenditures may be captured that may not be contract workforce related. Examples of these expenditures include contract workforce reports on research grants, certain types of interagency agreements, and software maintenance agreements, which may reasonably be considered similar to insurance policies.

Recommendation:

The State Auditor's Office should revise the reportable contract workforce expenditure code list to better capture the full range of services for which the State contracted. The State Auditor's Office has already identified and implemented a number of improvements to the contract workforce expenditure reporting system. The

State Auditor's Office expects to review and revise the expenditure code list for fiscal year 2002, based on legislative feedback regarding the type of contract workforce information legislators would find most useful.

Section 2-D:

Frequent Miscoding of Service Type Limits the Reliability of Contract Workforce Data

Some agencies and institutions frequently miscode contract workforce expenditures. When their mistakes are not corrected, the accuracy of data based on expenditure code information is called into question. Expenditure code errors have continued despite regular expenditure code training provided by the Comptroller's Claims Division and despite numerous Comptroller audit reports citing entities for miscoding expenditures. The State Auditor's Office concludes that such measures are insufficient to prevent persistent miscoding. The result of frequent miscoding is that USAS expenditure code data cannot be relied upon to provide an accurate picture of how the State is spending its contract dollars.

Miscoding may occur for several reasons:

- The existing expenditure code system is complex, and category definitions are sometimes inconclusive.
- Employees who enter the information often must depend on vague descriptions on receipts and vouchers to make coding decisions.
- Employees fail to look up the appropriate code and opt to use one of the previously mentioned "miscellaneous" codes instead. Based on a limited sample of expenditures and the matching contract descriptions that agencies reported to our office for these expenditures, this appeared to be the case for a significant number of expenditures in Purchased Contracted Services and Other Professional Services. Up to two-thirds of the expenditures we reviewed in these categories appeared to belong in other specific expenditure code categories but were instead coded in these broad categories. We believe this high percentage may reflect the particularly error-prone nature of these two expenditure codes. According to members of the Comptroller's staff, the rates we observed for these two categories are extraordinarily high in comparison to the rates of miscoding they encounter in actual post-payment audits of all object codes. It should be noted that the Comptroller's Office reviews source documentation, including contracts, for its audits.

Such imprecise coding can make it extremely difficult, if not impossible, to obtain accurate data on some contract services, even if there is not a significant impact on the State's financial statements. It should be noted that our evaluation of this miscoding was based solely on self-reported data for these two expenditure codes and does not constitute an audit of these codes.

Implementation of the Section 2-B recommendation (see page 11) to reduce or eliminate miscellaneous categories, such as Other Professional Services and Purchased Contracted Services, may serve to substantially reduce miscoding errors.

Recommendation:

The Comptroller and the State Auditor's Office should work together to consider additional ways to reduce miscoding errors.

Management's Response:

The Comptroller's office looks forward to working with the Auditor's office in examining additional ways of reducing contract workforce coding errors by agencies.

Section 3:

Over \$1 Billion is Estimated for Agencies' and Institutions' Spending on a Variety of Contracts to Supplement the State Employee Workforce

Although significant improvements must be made to the data collection and analysis process to improve reporting accuracy and make the information more meaningful to decision makers, we were able to draw some conclusions about the State's contract workforce use from the data submitted. This section of this report details the results of our analysis of data for the first half of fiscal year 2000 only. The technical difficulties with the data described above in Section 2-A made it unfeasible to compile and analyze the expenditure data for the full year.

In fiscal year 2000, over 100 agencies and institutions contracted out for a wide array of tasks and services on both an outsourced and non-outsourced basis.

The contract workforce spending described in this report is based on self-reported information regarding expenditures for services falling into 25 USAS expenditure code categories. These categories were selected by the State Auditor's Office to represent the State's contract workforce use, and are subject to future revision.

According to self-reported data, in the first half the year these agencies and institutions spent \$4.7 billion on employee salaries and an additional \$689 million on contract work to supplement the efforts of regular state employees. At this rate, total contract workforce spending for the year will exceed \$1 billion, or just over two percent of the State's \$49 billion appropriated budget.

During the first half of fiscal year 2000, agencies' contract workforce expenditures averaged 18.5 percent as much as the amount they spent on employee salaries and benefits.

It is more difficult to ascertain the total amount spent on contract work by institutions. Entities are required to report only those contract workforce expenditures made with

state appropriated funds, and a significant amount of institutional funding comes from other sources. Looking solely at state appropriated funds, in the first half of fiscal year 2000 institutions reported an additional amount spent for contract work equal to 4.5 percent as much as they spent for employee salaries and benefits.

Section 3-A:

Counting Contract Workers Is Difficult When Using Performance-Based Contracts

This report does not provide information on the number of contract workers used by the State. Most contracts are based on outcomes or products rather than the number of workers used to complete the job. Therefore, it is difficult to accurately determine the number of workers represented by each contract.

Section 3-B:

Most of the State's Contract Work Was Outsourced

In the first half of fiscal year 2000, agencies and institutions reported over \$500 million (74 percent) of their contract workforce dollars as outsourced.

Twenty-six percent (or just under \$179 million) of contract workforce dollars were spent on non-outsourced, or supplementary, workers.

Currently, both outsourced and non-outsourced work is captured in contract workforce totals.

Section 3-C:

Agencies Reported More Total Contract Workforce Spending Than Institutions

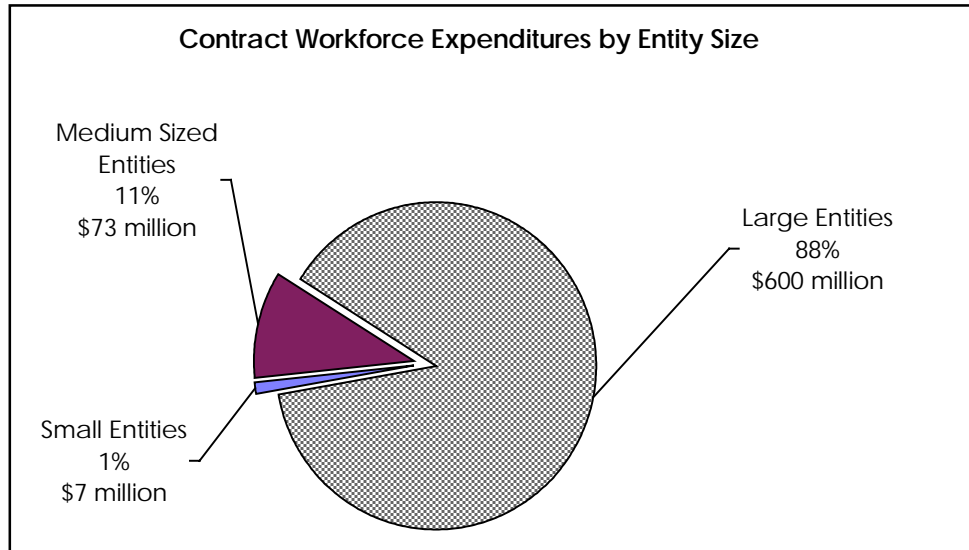
While both agencies and institutions use contract services, in the first half of fiscal year 2000, agencies accounted for 92 percent of the State's reported contract workforce spending, while institutions accounted for only 8 percent.

Outsourcing refers to the practice of hiring an outside contractor to either perform a specific project or function or to conduct and manage the work of an entire facility. In contrast, non-outsourced work involves the use of contract workers to fill in alongside state employees or during temporary absences under the direct supervision of regular state employees.

This extreme difference can be explained in part because institutions had the option of using non-state appropriated funds to pay for contracts. Only state appropriated funds were subject to contract workforce reporting.

Large Agencies Dominated Contract Workforce Spending

Figure 3:
Large entities account for 88 percent of contract workforce spending.



Large agencies and institutions (over 1000 employees) accounted for \$605 million (88 percent) of the State's contract workforce expenditures.

Four large agencies² reported the greatest amount of contract workforce use, spending between \$70 million and \$242 million each during the first half

of fiscal year 2000. This accounts for \$475 million, or nearly 70 percent of all self-reported state contract workforce expenditures.

Medical Services Was the Largest Contract Workforce Spending Category

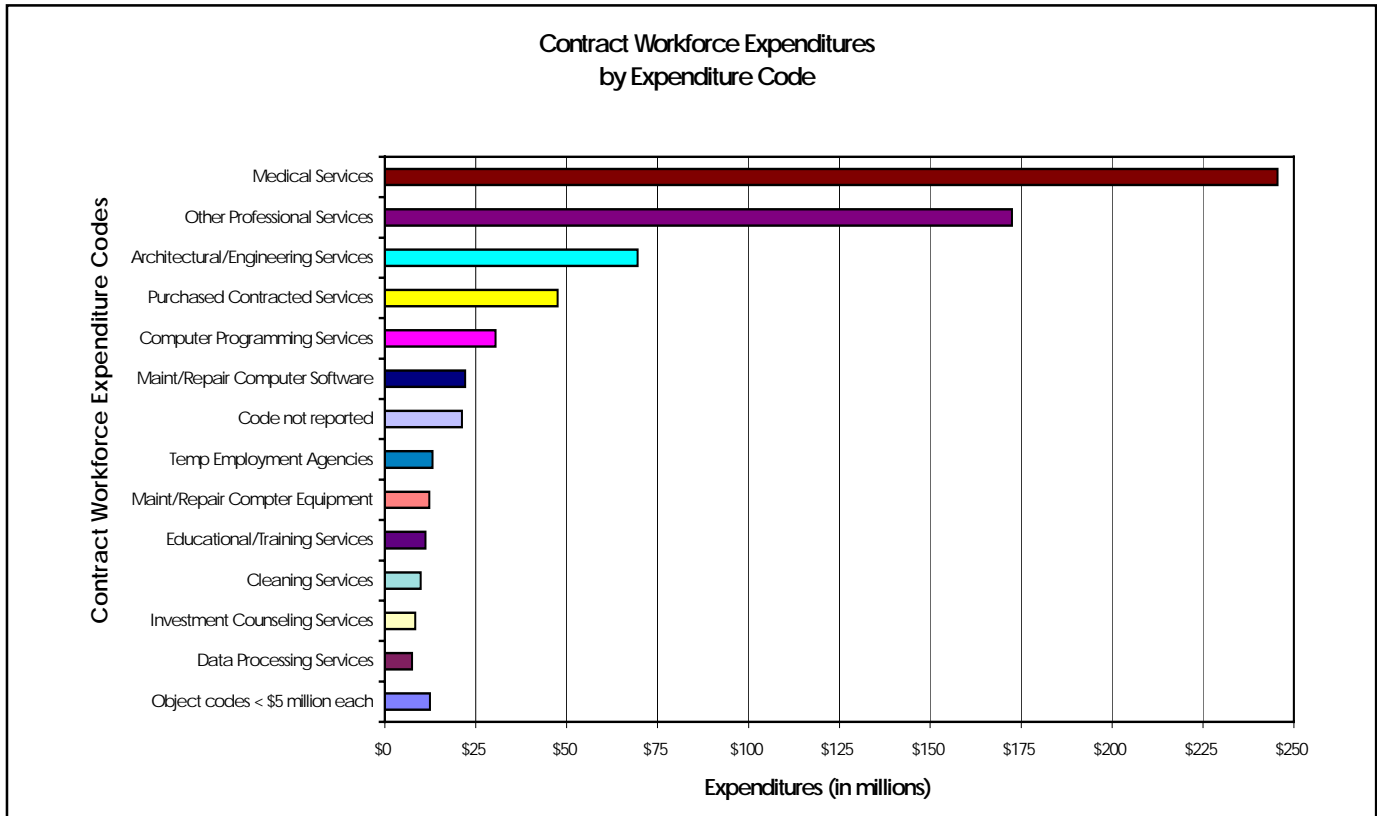
Of the 25 expenditure categories for which information was collected (see Appendix 4 for a full list) Medical Services was the single largest category. Medical Services included over \$245 million in spending and accounting for 36 percent of total reported contract workforce dollars. (See Figure 4 on the next page.)

Expenditures reported under Other Professional Services made up the second largest share of dollars at \$172 million. It should be noted that this is one of the categories identified as being too broad to provide meaningful information. Additionally, up to two-thirds of the expenditures posted to this category appear to belong in other, more specific categories. (See Section 2 of this report for more information on these issues.)

Architectural and Engineering Services was a distant third with just under \$70 million reported. However, if all categories representing information technology were grouped together, this combination would garner third place. Agencies and institutions reported spending a total of over \$75 million dollars for information technology services in the expenditure categories of Computer Programming Services,

² Department of Criminal Justice, Department of Health, Department of Human Services, and Department of Transportation

Figure 4:
 Medical Services accounted for the largest share of contract workforce expenditures



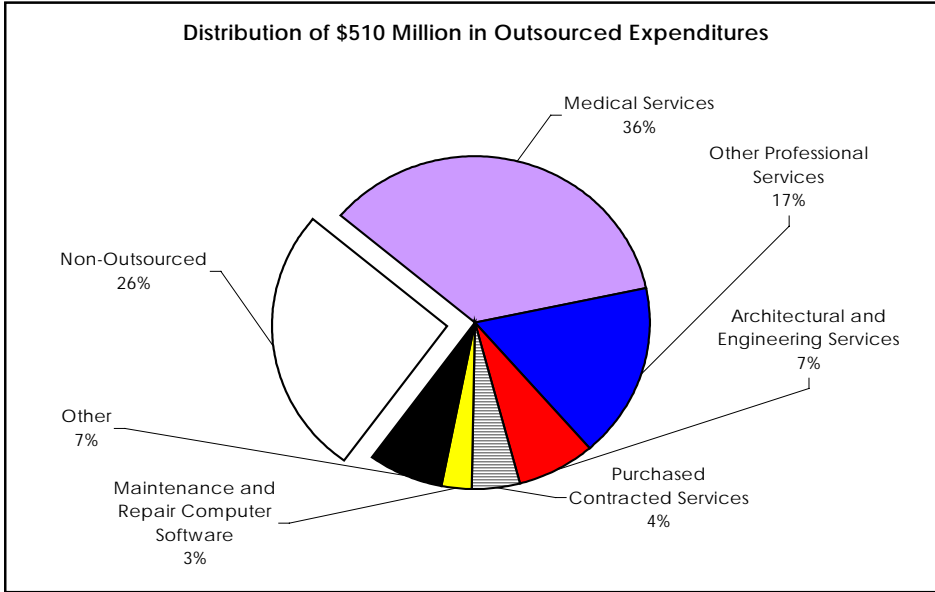
Maintenance and Repair of Computer Software, Maintenance and Repair of Computer Equipment, Data Processing Services, and Computer Consultant Services.

The State reported spending \$47.5 million on Purchased Contracted Services, and \$13.1 million for contracted Temporary Agency Services over the period we reviewed.

Section 3-F:

Medical Services Category Dominated the State's Outsourced Contract Spending

Figure 5:
Medical Services accounted for the largest share of outsourced expenditures.

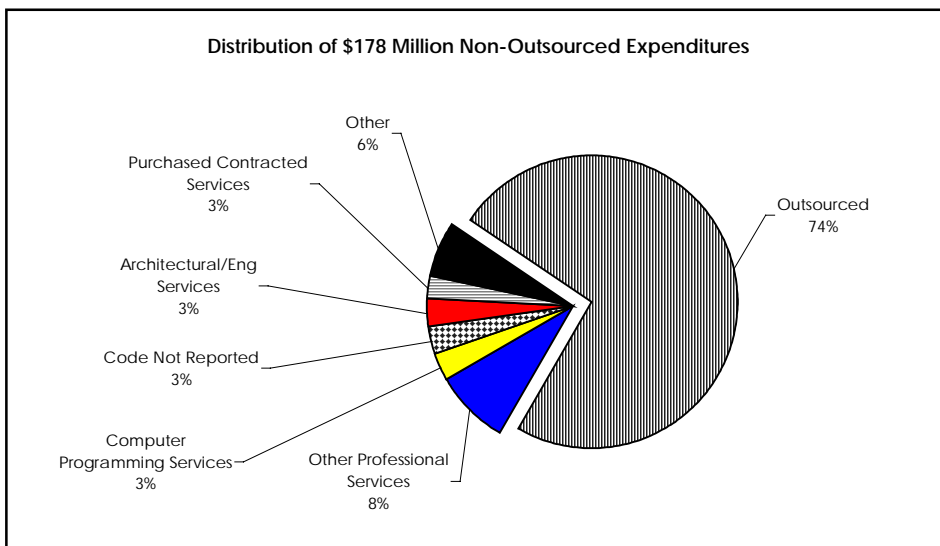


outsourced expenditures. (See Figure 5.)

As previously mentioned, outsourced work is when an entire function or project is managed and conducted by non-state employees.

In addition to being the largest spending category overall, Medical Services accounted for the largest share of reported outsourced work. Outsourced services in this category totaled \$242 million, or 48 percent of all reported outsourced contract expenditures. The second greatest outlay of outsourced dollars, \$116 million, was reported for Other Professional Services, accounting for 23 percent of all

Figure 6:
Most non-outsourced spending was for other professional services



Section 3-G:

Other Professional Services Category Accounted for the Most Non-Outsourced Dollars

The greatest amount of non-outsourced dollars (\$56 million) reported was expended for Other Professional Services, accounting for 32 percent of the State's reported non-outsourced services.

In second and third place, Computer Programming Services and Architectural

and Engineering Services expenditure codes accounted for \$22.2 million and \$20.5 million, respectively.

Eleven million dollars was reported as non-outsourced in Temporary Agency Services. Eighty-six percent of all Temporary Agency Services was non-outsourced, representing slightly over six percent of the total non-outsourced dollars spent by the State.

Non-outsourced work refers to the use of contracted services to supplement work being done by state employees.

Section 3-H:

Article V and Article II Led in Contract Workforce Expenditures

At over \$250 million, Article V (Public Safety and Criminal Justice) accounted for the largest amount of reported spending on contract services, followed by Article II (Health and Human Services) at \$160 million.

Objectives, Scope, and Methodology

Objectives

The objectives of this analysis were to:

- Establish how many agencies and institutions have complied with (1) contract workforce rider reporting requirements set by the Legislature in Article IX, Section 9-11.18 of the General Appropriations Act, 76th Legislature, and (2) related expenditure reporting requirements established by the State Auditor's Office.
- Identify how and where the State's contract workforce dollars are being spent.
- Identify and, if possible, remove reporting barriers.

Scope

The scope of the audit included:

- Responses from agencies and institutions that responded electronically to the 1999 Contract Workforce Survey regarding their contract workforce usage in fiscal year 1999 (see Appendix 3 for text of the survey).
- Self-reported data from 112 agencies and institutions regarding workforce contracts and corresponding expenditures for the first six months of fiscal year 2000.

Only contracts with annual expenditures over \$10,000 and which fell into a selected list of 25 USAS expenditure codes (see Appendix 4) were included in reporting.

As used in this report, *institutions* refers to state universities and their affiliates, and state technical colleges.

Methodology

The methodology included gaining an understanding of Rider 9-11.18 (General Appropriations Act, 76th Legislature); Riders 9-6.14 and 9-7.05, which relating to other reporting on contracting; and historically underutilized business (HUB) reporting requirements.

Information collected:

- State statutes, riders, and regulations regarding contract workforce.
- Self-reported data from 112 state agencies and institutions regarding contract workforce expenditures from appropriated funds for the first and second quarters of fiscal year 2000, including contract number, contract description,

outsourcing status, vendor name and number, contract and budget amount, USAS expenditure (object) code, and actual amount spent. (This information was either submitted to the Comptroller's USAS 30 Contract Profile system as of August 31, 1999, or submitted directly to the State Auditor's Office by spreadsheet.)

- Survey responses from 154 agencies and institutions reporting their compliance status with the provisions of the contract workforce rider and the completion status of their 1999 workforce contracts (submitted in electronic form through the State Auditor's Office website).
- Interviews with staff from the Comptroller's Office and members of the USAS Users' Group.
- Discussions with House Appropriations Committee staff.

Criteria used:

General Appropriations Act, 76th Legislature, Article IX, Section 9-11.18

Procedures and tests conducted:

- Surveyed agencies and institutions to collect information regarding whether they complied with contract workforce rider requirements and information regarding fiscal year 2000 first and second quarter expenditures for contract workers.
- Compiled and reviewed information on contract workforce expenditures submitted by agencies and institutions.
- Compared information reported on the 1999 survey with information reported in 2000 expenditure reports.
- Consulted with Comptroller's staff from the Claims, Audit, Property Accounting, and Automation Change Request divisions.
- Consulted with members of the USAS Users' Group.
- Compared a self-reported description of contracts with the expenditure codes used to report the corresponding expenditures.

All graphs and charts in this report are based on analysis of self-reported agency and institution data.

Text of the Contract Workforce Rider

Article IX Section 9-11.18 of the General Appropriations Act for the 2000-2001 Biennium

Sec. 9-11.18. Contract Workforce.

(a) In this section, contract workers are defined as independent contractors, temporary workers supplied by staffing companies, contract company workers, and consultants.

(b) No appropriated funds may be expended for payment of a contract workforce in which the contract is executed, amended, or renewed on or after September 1, 1999, until an agency or institution:

- (1) develops comprehensive policies and procedures for its contract workforce;
- (2) examines the legal and personnel issues related to the use of a contract workforce;
- (3) conducts a cost benefit analysis of its current contract workforce prior to hiring additional contract workers or amending or renewing existing contracts; and
- (4) documents why and how the use of contract workers fit into agency staffing strategies, including consideration of agency mission, goals and objectives, existing and future employee skills needed, compensation costs, productivity, nature of services to be provided, and workload.

Agencies shall consult the *Best Practices and Guidelines for Effectively Using a Contract Workforce* (Office Report No. 99-326) when planning for and implementing the requirements of this section.

(c) No later than December 1 of each year of the biennium, an agency shall file with the Legislative Budget Board, the Governor's Office, and the State Auditor a report on the agency's use of a contract workforce in the preceding fiscal year. The report shall be prepared according to a format prescribed by the State Auditor and shall include:

- (1) a description of how the agency has complied with provisions of this rider; and
- (2) an evaluation of the work performed by a contract workforce, including an assessment of whether work was completed on time, within budget, and according to contract specifications.

(d) The State Auditor shall notify the Comptroller and the Legislative Audit Committee if an agency fails to comply with this section.

(e) The State Auditor may require an agency to provide interim reports or additional information as necessary to ensure compliance with this section. The State Auditor shall review each agency's report and follow up based on identified risks.

1999 Contract Workforce Survey

This is the text of the survey that was used by the State Auditor's Office in December 1999 to collect information on compliance with Rider 9-11.18. It has since been revised for 2000.

Contract Workforce Survey

So that we can provide better information to state leaders about the State's contract workforce, and in accordance with the General Appropriations Act (Section Sec. 9-11.18, Article IX, 76th Legislature), we ask that each state agency and institution complete the following survey by December 1, 1999.

We will summarize your responses in a report to the Legislative Audit Committee. We will also analyze your responses and the information you report in the Uniform Statewide Accounting System (USAS) to identify which agencies and institutions need further review and/or technical assistance.

A contract workforce includes:

- **Temporary workers supplied by staffing companies:** Individuals who are employed by a private "temp" company and are assigned, usually for a specified period of time, to particular and various clients.
- **Independent contractors:** Individuals who have a contract directly with a state agency or institution.
- **Contract company workers:** Individuals who work for a contract company and who, like temps, are assigned to particular and various clients.
- **Consultants:** Individuals who provide a certain type of informational expertise to a client.

Agency Number: _____

Agency Name: _____

Completion Date: _____

Person completing questionnaire: _____

Title: _____

Contact person in case we have questions: _____

Title: _____

Phone number: _____

E-mail address: _____

1. Description of Contract Workforce

- a. What types of work does your contract workforce perform and what is the estimated duration for each type of work?

- b. Approximately how many full-time equivalent contract workers are assigned to each type of work listed in your answer to 1a?

- c. What is the approximate length of tenure for the contract workers who perform each type of work listed in your answer to 1a? Average tenure should be a rough calculation based on the number of consecutive months and years working at your agency in the current or similar position.

2. Strategic Planning

- a. Please answer YES or NO for questions 2.a.i through 2.a.vi. If you answer NO for any question, please explain.

Have you analyzed your contract workforce in terms of how it fits into your agency's/institution's staffing strategies, including:

- | | | | |
|------|---|------------------------------|-----------------------------|
| i. | Consideration of mission, goals, and objectives? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| ii. | The need for existing and future employee skills? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| iii. | Compensation costs? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| iv. | Productivity? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| v. | Nature of services to be provided? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| vi. | Workload? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |

Please explain all NO answers from above:

- b. Please explain why and how the use of contract workers fits into your agency's/institution's staffing strategies.

3. Policies and Procedures

- a. Has management developed policies and procedures for managing and using contract workers? YES NO

If YES, please answer 3b and 3c. If NO, please explain and then continue with question 4.

b. Are the policies and procedures comprehensive?

YES NO

If NO, please explain.

c. If management has developed policies and procedures, have they been implemented?

YES NO

If YES, please answer 3d. If NO, please explain and then continue with question 4.

d. What process did management use to implement the policies and procedures?

4. Cost-Benefit Analysis

a. Has management conducted a cost-benefit analysis of its current contract workforce?

YES NO

If YES, please answer 4b through 4d. If NO, please explain and then continue with question 5.

b. Does management compare the costs and benefits of contract workers to state employees prior to contracting for additional contract workers?

YES NO

If NO, please explain.

c. Is written documentation available to support cost-benefit analyses?

YES NO

If NO, please explain.

Please provide a brief description of the cost-benefit analysis performed when considering whether to use contract workers or state employees.

5. Legal and Personnel Issues

- a. Has management examined the legal and personnel issues related to the use of a contract workforce? (For information on legal and personnel issues, please see *Best Practices and Guidelines for Effectively Using a Contract Workforce*, Office Report No. 99-326). This report is available through our website or by calling 936-9500.

YES NO

If YES, please answer questions 5b and 5c. If NO, please explain and then continue with question 6.

Please describe what actions have been taken to address these issues.

Please describe any policies and procedures that have been developed to address these issues

6. Contract Completion

- a. Excluding contracts with staffing companies that supply temporary workers and contracts for less than \$10,000, how many contracts were scheduled to be completed between September 1, 1998, and August 31, 1999?
- b. Of those contracts, how many were completed on time?
- c. Of those contracts, how many were completed within budget?
- d. Of those contracts, how many were completed within contract specifications?

7. Monitoring

- a. How does management ensure that work performed by a contract workforce is completed on time, within budget, and within contract specifications?

Comptroller USAS Expenditure Code Definitions

The following expenditure (object) codes are those 25 selected by the State Auditor's Office to represent contract workforce for fiscal years 2000 and 2001. All expenditures discussed in this report are based on these codes. The definitions are from the Comptroller's *Manual of Accounts*, 1998 version (updated January 2000). No significant changes to these particular codes were noted between the 1998 and 2000 versions.

Expenditure Code	Title/Description
7238	<p>Foreign Office Activities</p> <p>Purpose To record payment for contract services for foreign office activities.</p> <p>Note RESTRICTED. This code may be used only by the Department of Economic Development, Agency 480.</p> <p>Object Group 10</p> <p>Issued 9-1-97</p>
7239	<p>Consultant Services Approved by Governor</p> <p>Purpose To record the payment of a consulting service contract which requires pre-payment approval from the Office of the Governor as authorized by TEX. REV. CIV. STAT. ANN. art. 6252-11C.</p> <p>This code includes, but is NOT limited to consultant services not requiring approval by the Office of the Governor (7240).</p> <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • consultant services – computer (7242) • consultant services provided by other state agencies (7240) <p>Object Group 10</p>
7240	<p>Consultant Services - Other</p> <p>Purpose To record payment for the services of a consultant that does not require pre-approval by the Office of the Governor.</p> <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • computer consulting (7242) • professional services per TEX. GOV'T CODE ANN., §§2254.001-2254.021 • professional services involved with regular duties/responsibilities of the agency <p>Object Group 10</p> <p>Revised 9-1-93</p>
7242	<p>Consultant Services - Computer</p> <p>Purpose To record payment for computer consultant services, the study of existing or proposed computer operation or computer project and advising agency with regard to the operation or project. It also includes the creation, design, or development of a computer project.</p> <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • purchase of software (7380) or (7387) • software maintenance (7262) • computer programming (7275) <p>Object Group 10</p> <p>Reissued 9-1-89</p>

Expenditure Code	Title/Description
7243	<p>Educational Training</p> <p>Purpose To record the payment for educational services, including professionally conducted training.</p> <p>This code includes:</p> <ul style="list-style-type: none"> • expenses relating to the services performed • travel expenses incurred by the vendor <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • guest lecture services provided to agencies of higher education (7252) • registration fees for state employees (7203). <p>Object Group 10</p>
7245	<p>Financial and Accounting Services</p> <p>Purpose To pay for financial/accounting services, includes bookkeeping, auditing, actuarial services.</p> <p>This code includes travel expenses of the vendor.</p> <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • investment counseling services (7255) • CPA's working as consultants (7240) <p>Object Group 10</p>
7246	<p>Legal Services</p> <p>Purpose To record payment for private legal counsel requiring the approval of the Office of the Attorney General at the time of payment.</p> <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • legal counsel employed under TEX. CRIM. PROC. CODE ANN. • legal services incurred by Article VI agencies in the GAA • legal services incurred by agencies with delegated approval from the Office of the Attorney General <p>Object Group 10</p> <p>Revised 9-1-93</p>
7247	<p>Hearings Officers, Pre-Approved by the State Office of Administrative Hearings</p> <p>Purpose Record payment for administrative hearing officers. Agencies must have written authorization to contact for outside administrative hearing officers; or officers must be presiding over a hearing that does not fall within jurisdiction of the State Office of Administrative Hearings.</p> <p>Note This code does NOT include payments to the State Office of Administrative Hearings for administrative hearing officers (7257).</p> <p>Object Group 10</p> <p>Issued 9-1-94</p>

Expenditure Code	Title/Description
7248	<p>Medical Services</p> <p>Purpose To pay for medical services for wards of state/authorized medical services for state agencies.</p> <p>This code includes, but is NOT limited to:</p> <ul style="list-style-type: none"> • medical examinations required by retirement systems • medical treatment for individuals called to active military duty • drug testing and pre-employment • physicals authorized by law • psychiatric services • psychologist • physical therapist • speech therapist • occupational therapist • Workers Compensation Medical Review – Agency 453 <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • counselors (7253) • medical Services for Workers' Compensation – Agency 302 (7231) • medical Services for Crime Victims (7236) • medical Services for Self-Insured Workers' Compensation (7231) <p>Object Group 10</p> <p>Revised 9-1-91</p>
7249	<p>Veterinary Services</p> <p>Purpose To record payment for veterinary services. Charges may include other expenses if specified in the contract. Travel expenses incurred by vendor should be included as part of the total cost of services.</p> <p>Note Services must be performed by a veterinarian.</p> <p>Object Group 10</p>
7252	<p>Lecturers - Higher Education</p> <p>Purpose To record the payment for guest lecturers providing lecture services to agencies of higher education. This code includes visiting professors, distinguished individuals, artists presenting lectures, colloquiums, speeches, seminars, workshops, recitals, and performances. Travel expenses incurred by vendor should be included as part of the total cost of services.</p> <p>Note RESTRICTED. This code may be only used by higher education agencies.</p> <p>This code does NOT include professionally conducted training for agency employees (7243).</p> <p>Object Group 10</p>

Expenditure Code	Title/Description
7253	<p>Other Professional Services</p> <p>Purpose To record payment for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility in any area not mentioned under other expenditure codes.</p> <p>This code includes, but is NOT limited to:</p> <ul style="list-style-type: none"> • employee assistance programs • counselors for employees • surveying services • mediation <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • counselors for wards of the State (7325) • financial and accounting services (7245) <p>Object Group 10</p> <p>Reinstated 9-1-91 Revised 9-1-95</p>
7255	<p>Investment Counseling Services</p> <p>Purpose To record payment for investment counseling services.</p> <p>Note This code does NOT include routine financial and accounting services (7245).</p> <p>Object Group 10</p>
7256	<p>Architectural/Engineering Services</p> <p>Purpose To record payment for the architectural and engineering services, including travel expenses incurred by the vendor.</p> <p>Note This code does NOT include surveying services (7253).</p> <p>Object Group 10</p> <p>Revised 9-1-93</p>
7257	<p>Legal Services Approved by the State Office of Administrative Hearings</p> <p>Purpose To record the payment of legal services which require the pre-payment approval from the Office of State Administrative Hearings. All other payments of legal services which require the pre-payment approval of the Texas Attorney General must be coded 7246.</p> <p>Object Group 10</p> <p>Issued 9-1-93</p>
7258	<p>Legal Services Not Requiring Approval</p> <p>Purpose To record the payment for legal services that do not require pre-payment approval by the Attorney General. Also, to record the payment for legal services by agencies which have been given delegated approval by the Attorney General.</p> <p>Object Group 10</p> <p>Issued 9-14-93 Revised 9-1-94</p>

Expenditure Code	Title/Description
7259	<p>Race Track Officials</p> <p>Purpose To record payment to race track officials supervising racing with pari-mutuel wagering in Texas.</p> <p>This code includes payments to:</p> <ul style="list-style-type: none"> • animal identifiers • stewards • judges • veterinarians <p>Note This code does NOT include veterinarians providing veterinary services (7249). RESTRICTED. This code may be used only by the Texas Racing Commission, Agency 476.</p> <p>Object Group 10</p> <p>Issued 9-1-89</p>
7262	<p>Maintenance and Repair Computer Software</p> <p>Purpose To record payment of charges for the maintenance and repair of computer software.</p> <p>Note This code includes:</p> <ul style="list-style-type: none"> • telephone software support • software maintenance • debugging services <p>Object Group 10</p> <p>Issued 9-1-89</p>
7267	<p>Maintenance and Repair Computer Equipment</p> <p>Purpose To record the payment for the maintenance and repair of all computer equipment.</p> <p>Note This code includes labor with parts or labor only. This code does NOT include parts without labor (7335).</p> <p>Object Group 10</p>
7274	<p>Temporary Employment Agencies</p> <p>Purpose To record payment for temporary employees to employment agencies.</p> <p>Note This code does NOT include payments to individuals providing contracted services (7299).</p> <p>Object Group 10</p> <p>Revised 9-1-93</p>
7275	<p>Computer Programming Services</p> <p>Purpose To record payment for computer programming services.</p> <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • studying and advising or research and development under computer consulting services (7242) • computer usage fee (7284) <p>Object Group 10</p> <p>Revised 9-1-93</p>

Expenditure Code	Title/Description
7277	<p>Cleaning Services</p> <p>Purpose To record the payment for all cleaning services. This code includes, but is NOT limited to:</p> <ul style="list-style-type: none"> • janitorial services • linen services • uniform cleaning/rental • window cleaning <p>Note This code does NOT include payments to temporary employment agencies (7274).</p> <p>Object Group 10</p>
7280	<p>Client Worker Services</p> <p>Purpose To pay patients or residents (client workers) for full-time/part-time work done in an agency.</p> <p>Note RESTRICTED. This code may be used only by agencies listed in the USAS 8C profile.</p> <p>Object Group 10</p>
7284	<p>Data Processing Services</p> <p>Purpose To pay for purchased data processing services, including computing time (usage).</p> <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • word processing, not through temporary employment agencies (7299) • computer systems consultants (7242) <p>Object Group 10</p> <p>Revised 9-1-93</p>
7299	<p>Purchased Contracted Services</p> <p>Purpose To record payment for contracted temporary services. Travel expenses incurred by vendor should be included as part of the total cost of services. This code includes, but is NOT limited to:</p> <ul style="list-style-type: none"> • accreditation services • alterations • framing pictures • interpreters • mortuary services • moving office contents • muzak services • photographers • security guard services • video taping services • armored car • board and care of animals • exterminators <p>Note This code does NOT include:</p> <ul style="list-style-type: none"> • employee assistance programs (7253) • counselors (7253) • lecturers for higher education agencies (7252) • temporary employment agencies (7274) • framing employee awards (7211) • engraving employee awards (7211) • surveying services (7253) <p>Object Group 10</p> <p>Revised 9-1-92</p>

