



A Legislative Summary Document Regarding Office of the Attorney General

Contents

Key Findings from Previous Audits and Reviews

Quality Assurance Team Reviews

Information System Vulnerability Assessments

Travel Expenditures

State Auditor's Observations

Beginning in the 2006–2007 biennium, the Compensation to Victims of Crime Fund (Fund) will not have sufficient “excess money” to continue the 2002–2003 biennium level of appropriations (\$127 million) to programs other than the Crime Victims Compensation Program and the Crime Victims Institute. The anticipated decline in excess money is because of funding increases for existing programs, funding of new programs, and little anticipated growth in revenue.

For fiscal year 2001, we cannot provide assurance that the Office of the Attorney General (Office) always spent court costs and fees from the Fund for the intended purpose.

The Quality Assurance Team reports that the Office’s Welfare Reform Automation Project was completed at a cost of \$14,188,958. The time line for the Office’s Financial Processes Redesign Project was extended four months to December 31, 2002, and some of the work, with associated costs of \$9,353,474, was moved to Application Architecture, a separate project.

Prepared for the 78th Legislature
by the State Auditor’s Office

January 2003

SAO No. 03-306

This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

Office of the Attorney General

SAO Contact: Valerie Hill
(512) 936-9500

Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

An Audit Report on the Office of the Attorney General's Compliance with Debt Collection Requirements

(Report No. 03-012, December 2002)

For fiscal year 2002, the Office of the Attorney General (Office) complied with debt collection requirements in the General Appropriations Act (Rider 6, page I-11, 77th Legislature). The Office is required to attempt to collect all delinquent debts owed to the State. Its fiscal year 2002 target for debt collections was \$44 million; it collected \$53.5 million for that period. The Office also reported that, at fiscal year end, it was pursuing debts totaling \$245.8 million.

The Office can retain a percentage of debt collections as part of its method of financing up to a maximum of \$16.6 million for the biennium. The Office did not exceed this maximum. In addition, \$16.9 million was collected during fiscal year 2002 for the payment of workers' compensation claims, which have a limit of \$18 million for the biennium.

An Audit Report on the Compensation to Victims of Crime Fund and the Accuracy of Financial Information at the Office of the Attorney General

(Report No. 02-065, August 2002)

Beginning in the 2006–2007 biennium, the Compensation to Victims of Crime Fund will not have sufficient "excess money" to continue the 2002–2003 biennium level of appropriations (\$127 million) to programs other than the Crime Victims Compensation Program and the Crime Victims Institute. The anticipated decline in excess money is because of funding increases for existing programs, funding of new programs, and little anticipated growth in revenue. We based our assessment on a review of the Office of the Attorney General's (Office) fiscal projections after determining that these projections were reasonable.

**Status of Audit Recommendations as of
November 30, 2002**

No status is reported at this time to allow the Office sufficient time to address recommendations in this recently released report.

The Office did not consistently comply with the Texas Administrative Code when administering Family Trust Fund and Victims Assistance Discretionary Grants. As a result, the Office cannot ensure that the grantees are conducting their grant programs in the manner prescribed. The Office awarded \$15 million for these programs in fiscal year 2002.

Generally, the Office's reporting processes enable it to provide legislative budget committees and agency management with accurate and consistent financial information. The Office has controls in place to ensure that data is accurate and reliable for the accounting, general ledger, and purchase voucher applications on its mainframe computer system. However, the Office needs to test the catastrophic disaster portion of its disaster recovery plan and update its security risk analysis for this mainframe.

The Office has developed a contract administration system for its purchase orders and formal contracts that ensures contractors are selected objectively, that contract provisions are complete and well defined, and that services are performed within cost projections. We reviewed contracts and purchase orders totaling \$42.1 million.

Office of the Attorney General

SAO Contact: Valerie Hill
(512) 936-9500

An Audit Report on Funds Collected as Court Costs

(Report No. 02-049, May 2002)

For fiscal year 2001, we cannot provide assurance that the Office of the Attorney General (Office) always spent court costs and fees from the Compensation to Victims of Crime Fund (Fund) for the intended purpose.

The primary purpose of the Fund is to provide direct payments to victims. Seventeen percent of all case files tested contained errors. When the error rate is statistically extrapolated to the population of cases that were benefited and paid in fiscal year 2001, the errors could be worth approximately \$1.4 million (with an 0.08 percent margin of error). Specific errors included overpayments, payments to an ineligible victim, and insufficient documentation to ensure that funds are spent for the authorized purposes of the Fund.

Additionally, the Office uses the Fund to administer grants and contracts related to victims' services through the victims services strategy. Those grants include the Sexual Assault, Court Appointed Special Advocates, Children's Advocacy Centers, Texas Association Against Sexual Assault, and Coordinator and Liaison grants. All contracts from the sexual assault program were tested, and 30 percent (21 of 70) contained errors. For example, the Office did not ensure that grantees that provide programs for survivors of sexual assault complied with their contracts, federal requirements, or the Texas Administrative Code. It also did not ensure that all applications for grants were complete.

Furthermore, the Office's policies and procedures do not always align with the Texas Administrative Code and the Texas Code of Criminal Procedure.

For fiscal year 2001, the Office spent all court costs and fees from the Sexual Assault Program Fund for the intended purpose.

Testing of fiscal year 2001 expenditures showed that the Office spent money from the Family Trust Fund for the purposes for which it was collected.

Status of Audit Recommendations as of November 30, 2002 (unaudited)	
The Office has reported the following:	
Has other explanatory information	1
Total recommendations	1

An Audit Report on 19 Agencies' Compliance With Historically Underutilized Business Requirements

(Report No. 01-035, August 2001)

Self-reported information received from the Office of the Attorney General (Office) indicates that the Office did not comply with certain provisions of the Historically Underutilized Business (HUB) regulations identified in the Texas Administrative Code (TAC) and Chapters 111 and 2161 of the Texas Government Code for fiscal year 2000. However, we determined that the Office made a "good-faith effort" to comply with TAC and the Texas Government Code.

Office of the Attorney General

SAO Contact: Valerie Hill
(512) 936-9500

Results of Entity Compliance With Historically Underutilized Business (HUB) Requirements - Fiscal Year 2000				
Compliance Requirement				Did the Entity Make a "Good-Faith Effort"? ^b
Planning	Outreach ^a	Reporting	Subcontracting	
No agency HUB rules (Texas Government Code, Section 2161.003)	No material noncompliance	No material noncompliance	No material noncompliance	Yes

^a Most of the agencies had not developed and implemented a mentor protégé program during fiscal year 2000. Of the HUB requirements, the mentor protégé program requirement had the latest effective date (June 2000). The agencies indicated there was not enough time to design and implement the program in the last quarter of the fiscal year.

^b The State Auditor's Office, in consultation with the General Services Commission, determined that an entity did not make a "good-faith effort" if it had noncompliance in at least three of the four basic HUB areas: planning, outreach, reporting, and subcontracting. (The General Services Commission was abolished effective September 1, 2001, and the newly created Texas Building and Procurement Commission subsequently assumed most of its responsibilities.)

Status of Corrective Action: In December 2002, the Office reported that it had implemented corrective action on both areas of noncompliance. This information has not been audited.

Quality Assurance Team Reviews Conducted by the Legislative Budget Board and State Auditor's Office

Completed Projects

Quality Assurance Team Annual Report – January 2003

The Office of the Attorney General (Office) completed the Welfare Reform Automation project at a cost of \$14,188,958 on April 1, 2002. The initial budget was \$65,647,994, and the initial completion date was October 31, 2002.

Completed Projects

Quality Assurance Team Annual Report – January 2002

The Office completed the following projects at the total costs noted:

- County Systems Integration and Support: \$3,750,011
- FY00 Wide Area Network (WAN) Upgrade Project: \$1,430,000
- Regional Call Centers: \$1,430,462

Ongoing Projects

Quality Assurance Team Annual Report – January 2003

Child Support Division's Texas Integrated Eligibility Reengineering System (TIERS) – Texas Child Support Enforcement System (TXCSES) Interfaces(CSD)— In October 2001, the Office began working to develop interfaces for data sharing with Texas Department of Human Services (TDHS). Project costs have decreased as requirements have been more clearly defined to meet technical objectives being established by TDHS. Current expenditures for this project are \$32,986.

Financial Processes Redesign Project (FPRP)— In February 2000, the Office began working on this project to redesign the Texas Child Support Enforcement System's financial processes. An original component of this project (Application Architecture) was removed, along with the associated costs, and introduced as a separate project. Additional changes to project scope were made to address current business and policy requirements which extended the overall project time line. Current expenditures for this project are \$9,538,123.

Office of the Attorney General

SAO Contact: Valerie Hill
(512) 936-9500

Project	Function	Initial Budget	Current Budget	Budget Change	Initial End Date	Current End Date	Time Change
CSD	Develop interfaces	\$5,562,904	\$2,693,787	(\$2,869,117)	08/31/05	09/30/05	1 month
FPRP	Redesign TXCSES financial processes	\$19,052,169	\$11,715,407	(\$7,336,762)	08/31/02	12/31/02 ^a	4 months

^a Confirmation of project completion is pending.

Information System Vulnerability Assessments

The State Auditor’s Office (SAO) and/or the Department of Information Resources performed one or more information system vulnerability assessments at the Office of the Attorney General between January 2000 and November 2002. Detailed results of this work are confidential under Texas Government Code, Section 2054.077(c). The SAO’s Legislative Summary Document titled “Information System Vulnerability Assessments” provides general information about the results of information system vulnerability assessments.

Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)			
	2000	2001	2002
In-State Travel	\$ 3,825,267	\$ 3,831,528	\$ 3,505,330
Out-of-State Travel	490,546	557,740	327,632
Foreign Travel	0	0	560
Other Travel Costs	(9,302)	10,035	7,840
Total Travel Expenditures	\$ 4,306,510	\$ 4,399,304	\$ 3,841,362
Limit on Travel Expenditures (Cap)	4,917,830	4,917,830	490,546 ^a
Expenditures in Excess of Cap	\$ 0	\$ 0	\$ 0

^a Caps apply to total travel in appropriation years 2000 and 2001, but caps apply only to out-of-state travel and foreign travel in appropriation year 2002. Caps, calculated by the Comptroller of Public Accounts, have been adjusted for any increases requested by the Office and approved by the Legislative Budget Board in accordance with the General Appropriations Act.

Source: Uniform Statewide Accounting System (USAS) as of November 30, 2002. Amounts are subject to change as agencies continue to record additional expenditures or adjustments.