



A Report on

Contract Monitoring Assessment at Certain State Agencies

June 28, 2021

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*, *reduced monitoring warranted*, or *no additional 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 sources specified in Texas Government Code, Section 2261.258 (see text box). Ratings of *additional monitoring warranted* or *reduced monitoring warranted* were assigned only after consideration of multiple sources of information.

Agencies were rated as follows:

- Seven (28 percent) were rated *additional monitoring warranted* for at least one contracting period.
- Five (20 percent) were rated *reduced monitoring warranted* for at least one contracting period.
- Thirteen (52 percent) were rated *no additional monitoring warranted* for all contracting periods.

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).

Objective, Scope, and Methodology

The objective of this project was to assign contract monitoring ratings to the 25 largest state agencies, as determined by the Legislative Budget Board. The project scope included information from September 1, 2016, through May 14, 2021.

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:

- Jeffrey D. Criminger, CFE (Project Manager)
- Lindsay Escalante, MPSA (Assistant Project Manager)
- Dana Musgrave, MBA (Quality Control Reviewer)
- Cesar Saldivar, CFE, CGAP (Audit Manager)

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

SAO Report No. 21-024

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, State Chief Information Officer, Department of Information Resources
Mr. Jerry McGinty, 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 Tech University
Texas Tech University Health Sciences Center
Texas Tech University Health Sciences Center – El Paso
Texas Workforce Commission
The University of Texas at Austin
The University of Texas Health Science Center - Houston
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 contract monitoring ratings assigned by the State Auditor’s Office to the 25 largest state agencies, as determined by the Legislative Budget Board. 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 Information Resources	✓		
Department of Public Safety	✓		
Department of State Health Services	✓		
Health and Human Services Commission	✓	✓	✓
Teacher Retirement System			✓
Texas Education Agency	✓		
Texas Workforce Commission		✓	✓

^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			✓
Higher Education Coordinating Board		✓	✓
Parks and Wildlife Department		✓	
Texas Tech University			✓
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 All Contracting Periods)</i>	
Agency	
<ul style="list-style-type: none"> ▪ Department of Criminal Justice ▪ Department of Family and Protective Services ▪ Department of Transportation ▪ General Land Office and Veterans' Land Board ▪ Office of the Attorney General ▪ Texas A&M University System ▪ Texas Facilities Commission 	<ul style="list-style-type: none"> ▪ Texas Tech University Health Sciences Center ▪ Texas Tech University Health Sciences Center - El Paso ▪ The University of Texas at Austin ▪ The University of Texas Health Science Center - Houston ▪ University of Houston ▪ University of North Texas