

ANNUAL REPORT



The State Auditor's Office

Annual Report for Fiscal Year 2018

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

October 2018



The State Auditor's Office

ANNUAL REPORT FOR FISCAL YEAR 2018

Overview

The State Auditor's Office *Annual Report* highlights audit work and other activities our office performed during fiscal year 2018. As the independent auditor for Texas state government, our mission is to actively provide government leaders with useful information that improves accountability.

This report is designed to provide information on the activities our office performed during the year in carrying out our annual audit plan, pursuant to Texas Government Code, Chapter 321. It is organized by team within our office: Audit and Review, State Classification, Investigations and Audit Support, Professional Development, and Other Activities. Our audit work is performed in accordance with generally accepted government auditing standards and includes statutorily required and risk-based audits.

In addition, this report includes information regarding the national recognition the State Auditor's Office received for our audit work released during the year.

Each report is hyperlinked to the full report on the State Auditor's Office's Web site:

<https://www.sao.texas.gov>.

For more information regarding this report, please contact Verma Elliott, Assistant State Auditor, or Lisa Collier, First Assistant State Auditor, at (512) 936-9500.





The State Auditor's Office

ANNUAL REPORT FOR FISCAL YEAR 2018



1942 – 1968
C.H. Cavness



1968 – 1985
George McNiel



1985 – 2004
Lawrence F. Alwin



2004 – 2016
John M. Keel

I am pleased to announce that the State Auditor's Office turned 75 years old in August 2018.

In 1929, the 41st Legislature created the State Auditor and Efficiency Expert in Texas state government. The Governor appointed that individual. In 1943, the 48th Legislature amended the enabling legislation to provide for the appointment of the State Auditor by the legislative branch.

For the past 75 years, the State Auditor's Office has worked diligently to increase accountability for the State. The State Auditor's Office will continue to provide the Legislature, state agencies, institutions of higher education, and the public with independent and objective audit results.

Regards,

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor





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Issue Ratings

Auditors use professional judgement to rate the audit findings identified in certain audit reports. For each report, the issue ratings are summarized in the report chapters/subchapters. Auditors determine the ratings based on the degree of risk or effect of the findings in relation to the audit objective(s).

LOW



The audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

MEDIUM



Issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

HIGH



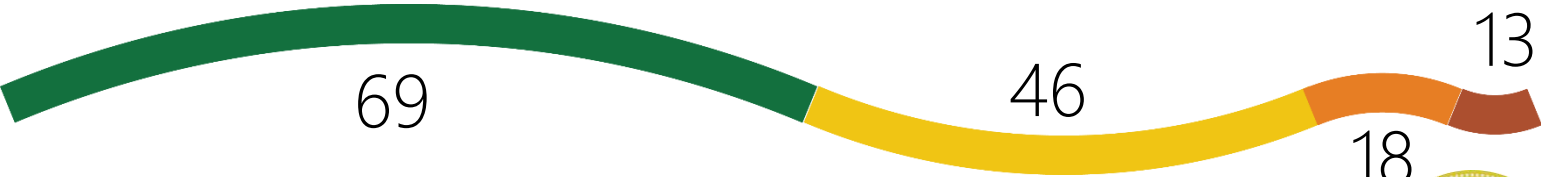
Issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

PRIORITY



Issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Ratings Issued in Fiscal Year 2018





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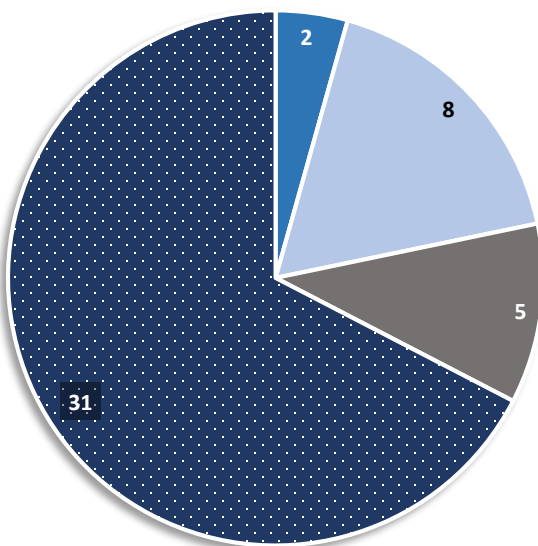
Audit and Review

The Audit and Review Team completed 46 reports from audits and other projects related to state agencies, higher education institutions, and other entities in fiscal year 2018. The types of projects performed included:

- Financial opinion audits.
- Federal compliance audits.
- Performance audits, including financial-related audits.
- Non-audit projects.

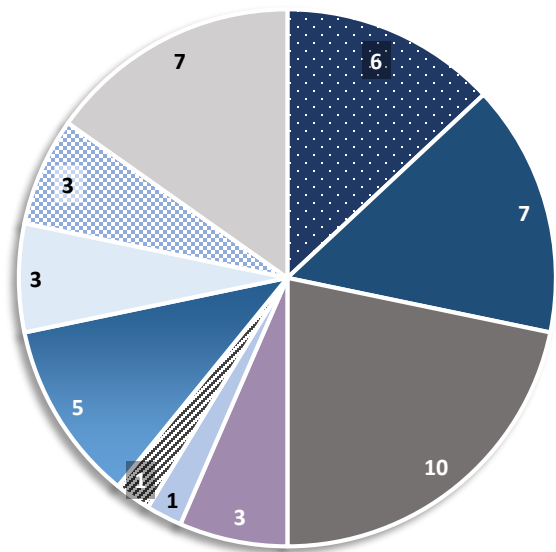
Those reports are listed beginning on the following page by General Appropriations Act article; self-directed, semi-independent agencies (SDSI); and non-state entities. Each report is hyperlinked to the full report on the State Auditor's Office's Web site. See the figures below for report information regarding the project type and article(s) addressed.

Reports by Type



■ Federal Compliance ■ Financial
■ Non-audit ■ Performance

Reports by Article



■ I ■ II ■ III
■ V ■ VI ■ VII
■ VIII ■ SDSI ■ Non-state
■ Cross-cutting





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Audit and Review

Report Title	Report Number	Release Date	Report Ratings
Article I: General Government			
A Report on the Audit of the Employees Retirement System's Fiscal Year 2017 Employer Pension and Other Post Employment Benefits Liability Allocation Schedules	18-040	07/26/2018	
An Audit Report on Financial Processes at the State Office of Risk Management	18-032	06/12/2018	● ● ● ●
An Audit Report on Financial Processes at the Veterans Commission	18-031	06/06/2018	● ● ● ●
A Report on the Audit of the Employees Retirement System's Fiscal Year 2017 Financial Statements	18-011	12/29/2017	
An Audit Report on Performance Measures at the Cancer Prevention and Research Institute of Texas	18-009	12/20/2017	
An Audit Report on the Office of the Comptroller of Public Accounts' Controls Over the Centralized Accounting Payroll/Personnel System	18-002	10/13/2017	● ● ● ●

Article II: Health and Human Services

An Audit Report on the Department of Family and Protective Services' Adult Protective Services Investigations	18-041	08/06/2018	● ● ● ●
An Audit Report on Scoring and Evaluation of Selected Procurements at the Health and Human Services Commission	18-038	07/13/2018	● ● ● ●





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Report Title	Report Number	Release Date	Report Ratings
Article II: Health and Human Services (continued)			
An Audit Report on the Health and Human Services Commission's Family Violence Program	18-028	05/11/2018	● ● ● ●
An Audit Report on a Selected Contract at the Department of State Health Services	18-025	04/12/2018	● ● ● ●
Entities audited:			
▪ Department of State Health Services ▪ Health and Human Services Commission			
An Audit Report on Foster Care Redesign at the Department of Family and Protective Services	18-022	03/12/2018	● ● ● ●
Entities audited:			
▪ Department of Family and Protective Services ▪ ACH Child and Family Services (Non-state Entity)			
An Audit Report on the Health and Human Services Commission's Management of Its Medicaid Managed Care Contract with Superior HealthPlan, Inc. and Superior HealthPlan Network, and Superior's Compliance with Reporting Requirements	18-015	01/25/2018	● ● ● ●
A Report on Health and Human Services Commission Contracts	18-006	12/06/2017	

Article III: Education

An Audit Report on Selected Contracts at the Texas Education Agency	18-044	08/31/2018	● ● ● ●
An Audit Report on the Distribution of the National Research University Fund	18-036	07/02/2018	● ● ● ●
Entities audited:			
▪ Higher Education Coordinating Board ▪ The University of Texas at Dallas			





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Report Title	Report Number	Release Date	Report Ratings
Article III: Education (continued)			
A Report on the Audit of the Teacher Retirement System's Fiscal Year 2017 Employer Pension and Other Post Employment Benefits Liability Allocation Schedules	18-033	06/14/2018	
An Audit Report on The University of Texas Southwestern Medical Center's Compliance with Requirements Related to the Historically Underutilized Business and State Use Programs	18-026	04/23/2018	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Selected Facilities Support Services Agreements and Special Projects at Selected Universities in the Texas A&M University System	18-024	04/12/2018	<div><div></div><div></div><div></div><div></div></div>
Entities audited:			
<div><div>▪ Texas A&M International University</div><div>▪ Texas A&M University - Commerce</div><div>▪ Texas A&M University - San Antonio</div><div>▪ Texas A&M University Central Texas</div></div>			
A Report on State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2017 <i>(see the report for the higher education institutions audited)</i>	18-019	02/22/2018	
An Audit Report on Selected Higher Education Institutions' Compliance with Benefits Proportional Requirements	18-020	02/20/2018	<div><div></div><div></div><div></div><div></div></div>
Entities audited:			
<div><div>▪ Texas State Technical College System</div><div>▪ Texas Tech University Health Sciences Center</div></div>			
An Audit Report on Certification of the Permanent School Fund's Bond Guarantee Program for Fiscal Year 2017	18-018	02/09/2018	





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Report Title	Report Number	Release Date	Report Ratings
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Article III: Education (continued)

A Report on the Audit of the Permanent School Fund's Fiscal Year 2017 Financial Statements [18-013](#) 12/29/2017

Entities audited:

- General Land Office
- Texas Education Agency

A Report on the Audit of the Teacher Retirement System's Fiscal Year 2017 Financial Statements [18-005](#) 11/27/2017

Article V: Public Safety and Criminal Justice

An Audit Report on Performance Measures at the Juvenile Justice Department [18-042](#) 08/13/2018 ● ● ● ●

An Audit Report on Financial Processes at the Department of Criminal Justice [18-035](#) 06/28/2018 ● ● ● ●

An Audit Report on Financial Processes at the Military Department [18-010](#) 12/22/2017 ● ● ● ●

Article VI: Natural Resources

An Audit Report on Contracting Processes in the Parks and Wildlife Department's Infrastructure Division [18-008](#) 12/15/2017 ● ● ● ●

Article VII: Business and Economic Development

A Report on the Audit of the Department of Housing and Community Affairs' Fiscal Year 2017 Financial Statements [18-012](#) 12/29/2017





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Report Title	Report Number	Release Date	Report Ratings
Article VIII: Regulatory			
An Audit Report on Financial Processes at the Texas State Board of Dental Examiners	18-043	08/28/2018	● ● ● ●
An Audit Report on Financial Processes at the Department of Insurance	18-039	07/27/2018	● ● ● ●
An Audit Report on Information Technology Services at the Health Professions Council	18-034	06/22/2018	● ● ● ●
An Audit Report on Performance Measures at the Office of Public Utility Counsel	18-027	04/27/2018	
An Audit Report on Performance Measures at the Board of Plumbing Examiners	18-017	02/08/2018	

Self-directed, Semi-independent Agencies

An Audit Report on the Board of Professional Engineers: A Self-directed, Semi-independent Agency	18-016	02/05/2018	● ● ● ●
An Audit Report on the Texas Board of Architectural Examiners: A Self-directed, Semi-independent Agency	18-014	01/24/2018	● ● ● ●
An Audit Report on the Board of Public Accountancy: A Self-directed, Semi-independent Agency	18-007	12/15/2017	● ● ● ●





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Report Title	Report Number	Release Date	Report Ratings
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Non-state Entities

An Audit Report on Selected Groundwater Conservation Districts	18-030	05/24/2018	● ● ● ●
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Entities audited:

- | | | |
|---|--|---|
| ▪ Brush Country Groundwater Conservation District | ▪ Duval County Groundwater Conservation District | ▪ Post Oak Savannah Groundwater Conservation District |
| ▪ Starr County Groundwater Conservation District | ▪ Terrell County Groundwater Conservation District | |

An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors	18-004	10/31/2017	● ● ● ●
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Entities audited:

- | | | |
|-------------------------------------|-----------------------------|-----------------------------------|
| ▪ Angel Wings Family Services, Inc. | ▪ Azelway, Inc. | ▪ Benchmark Family Services, Inc. |
| ▪ The Bair Foundation of Texas | ▪ The Settlement Club, Inc. | |

A Summary of Financial and Performance Reports Submitted by Regional Planning Commissions <i>(see the report for the regional planning commissions included)</i>	18-003	10/27/2017	
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Cross-cutting

An Audit Report on Selected Major Agreements Under the Texas Economic Development Act	18-037	07/17/2018	● ● ● ●
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Entities audited:

- | | | |
|--|---|---------------------------------------|
| ▪ Office of the Comptroller of Public Accounts | ▪ Texas Education Agency | ▪ Dimmitt Independent School District |
| ▪ Highland Independent School District | ▪ Pecos-Barstow-Toyah Independent School District | |

A Report on Agencies', Higher Education Institutions', and Community Colleges' Compliance with Public Investment Reporting Requirements <i>(see the report for the agencies, higher education institutions, community colleges, and university systems included)</i>	18-029	05/22/2018	
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Report Title	Report Number	Release Date	Report Ratings
Cross-cutting (continued)			
A Report on the Delegation of Authority to State Entities to Contract for External Audit Services <i>(see the report for the state entities included)</i>	18-023	03/23/2018	
State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2017 <i>(see the report for the agency and higher education institution schedules of expenditures of federal awards audited)</i>	18-555	02/28/2018	
Entities' financial accounts audited:			
<ul style="list-style-type: none"> Department of Aging and Disability Services ^a Texas Education Agency 	<ul style="list-style-type: none"> Health and Human Services Commission Texas Workforce Commission 	<ul style="list-style-type: none"> Office of the Comptroller of Public Accounts 	
State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2017 <i>(see the report for the agencies and higher education institutions audited)</i>	18-314	02/28/2018	
A Report on the Implementation Status of Prior State Auditor's Office Recommendations <i>(see the report for the self-reported status of recommendations issued from September 1, 2013, through June 30, 2016)</i>	18-021	02/28/2018	
Entities included:			
<ul style="list-style-type: none"> Board of Professional Land Surveying Department of Family and Protective Services Office of Court Administration Texas Workforce Commission 	<ul style="list-style-type: none"> Commission on Environmental Quality Department of State Health Services Parks and Wildlife Department 	<ul style="list-style-type: none"> Commission on the Arts Health and Human Services Commission Texas Public Finance Authority 	
An Audit Report on Incentive Compensation at the Permanent School Fund, General Land Office, Employees Retirement System, and Teacher Retirement System	18-001	09/21/2017	● ● ● ●

^a The Department of Aging and Disability Services (Department) was abolished effective September 1, 2017, and all of the Department's functions were transferred to the Health and Human Services Commission.



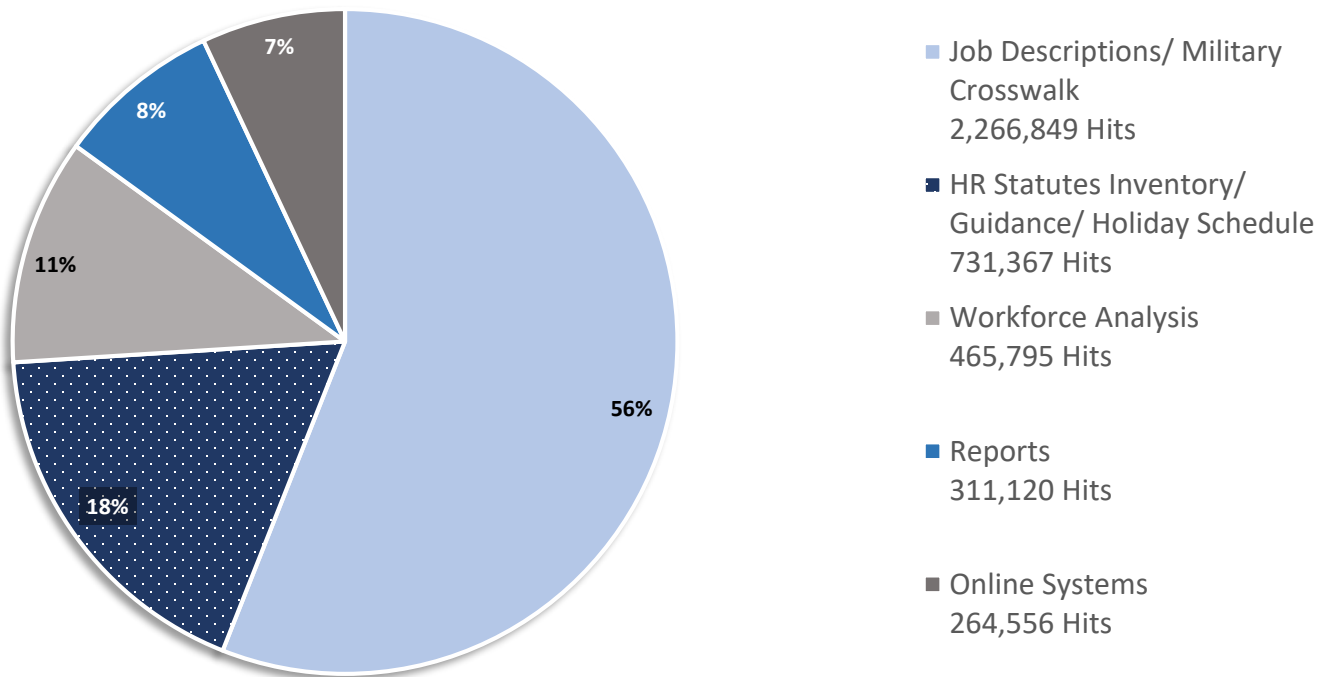


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Classification

The State Classification Team maintains the State's compensation and classification system, including the State's Position Classification Plan in the General Appropriations Act; analyzes state workforce issues; provides support to state agencies' and higher education institutions' human resources (HR) offices; and provides information on employee compensation issues to the Legislature. In fiscal year 2018, the State Classification Team released or revised six reports and seven guidance publications, which are listed on the following pages. Each report is hyperlinked to the full report on the State Auditor's Office's State Classification Team's Web site. See the figure below for information regarding the use of resources available on the State Classification Team Web site.

Top Classification Resource Web Site Hits by Category
4 Million Hits



State Classification Team Web site: <http://www.hr.sao.texas.gov>





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Classification

Report Title	Report Number	Release Date	Report Ratings
A Report on Executive Compensation at State Agencies	18-705	08/31/2018	
A Report on State Employee Benefits as a Percentage of Total Compensation	18-704	04/27/2018	
A Summary Report on Full-time Equivalent State Employees for Fiscal Year 2017	18-702	12/20/2017	
An Annual Report for Classified Employee Turnover for Fiscal Year 2017	18-703	12/15/2017	
A Classification Compliance Audit Report on Information Technology Positions at Selected Education Agencies	18-701	10/04/2017	<div><div></div><div></div><div></div><div></div></div>
Entities audited:			
<div><div><div>▪ School for the Blind and Visually Impaired</div><div>▪ School for the Deaf</div><div>▪ Texas Education Agency</div></div><div><div>▪ Teacher Retirement System</div></div></div>			
Texas Human Resources Management Statutes Inventory	18-303	09/22/2017	





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Other State Classification Team Activities

Agency Assistance

- Provided assistance to state agencies' and higher education institutions' human resources staff on a variety of topics related to human resources, including employment regulations, exit interview survey assistance, full-time equivalent reporting, workforce planning, classification and compensation, and turnover rates.

Full-time Equivalent Employees

- [Full-time Equivalent \(FTE\) Employee Reporting Instructions and Information](#)

The Full-time Equivalent (FTE) Employee Reporting Instruction and Information includes resources and reporting instructions to assist state agencies and higher education institutions in accurately reporting their FTE positions and related data to the State Auditor's Office's FTE System.¹

Leave

- [Investigation Leave Reporting](#)

State agencies and higher education institutions must report 168 hours or more of leave granted during a quarter to an employee who is the subject of an investigation by the agency or institution.²

- [Sick Leave Guide](#)
- [Sick Leave Donation Guide](#)

The Sick Leave Guide and Sick Leave Donation Guide provide an overview of applicable requirements for state employees at agencies and higher education institutions.³

Military Pay Differential

- [Military Pay Differential Guidelines](#)

The Military Pay Differential Guidelines assist state agencies and higher education institutions in determining the amount of emergency leave to grant to an employee on military leave for the purpose of differential pay.³

Position Classification Plan

- [Job Classification Review Guide](#)

The Job Classification Review Guide assists state agencies in determining when to review jobs and how to conduct a job analysis to help ensure employees are classified and paid in compliance with the State's Position Classification Plan.⁴

- [Military Crosswalk Guide](#)

The Military Crosswalk Guide assists state agencies with using the military crosswalk, which matches the Military Occupational Specialty (MOS) codes from each branch of the U.S. Armed Forces to each job classification series in the State's Position Classification Plan, if applicable.⁵





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State Classification Team Online Systems

E-Class

- [Electronic Classification Analysis System \(E-Class\)](#)

The Electronic Classification Analysis System (E-Class) is a Web-based application that can be used to analyze statewide human resources data.⁴ The data contained in E-Class are self reported by the agencies and gathered from the Uniform Statewide Payroll/Personnel System (USPS), the Standardized Payroll/Personnel Reporting System (SPRS), and the Human Resources Information System (HRIS). This system can be used to access turnover data and state employee demographics.

Exit Survey System

- [Employee Exit Survey System](#)

State agencies are required to provide employees who voluntarily leave state employment with an opportunity to complete an exit survey to help reduce turnover.⁶ Each quarter, agencies have access to reports summarizing employees' reasons for leaving. In accordance with Texas Government Code, Section 651.007, responses to an exit interview questionnaire are confidential and not subject to disclosure under Texas Government Code, Chapter 552.

FTE System

- [Full-Time Equivalent \(FTE\) State Employee System](#)

Agencies and higher education institutions are required to submit quarterly reports on the number of full-time equivalent employees and the number of consultants and individuals on contract during each fiscal quarter.¹ The FTE System is used for data submission, as well as additional data analysis and reports.





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Investigations and Audit Support

Investigations and Audit Support (IAS) investigates reports of alleged impropriety and illegal acts affecting state resources and presents the results to prosecuting authorities when warranted. In addition, IAS operates and maintains phone, Internet, and mail-based reporting mechanisms for fraud, waste, and abuse of state resources. IAS also provides training and presentations.

IAS Web site: <http://sao.fraud.texas.gov>

IAS activities are conducted in accordance with Texas Government Code, Sections 321.013, 321.0136, and 321.022.





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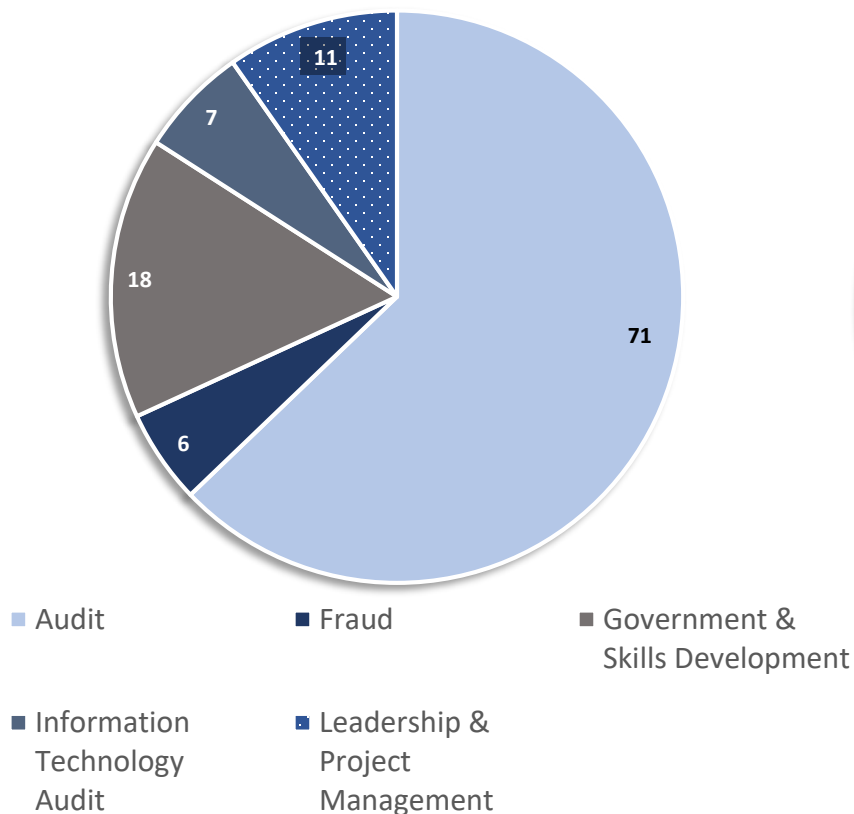
Professional Development

The Professional Development Team coordinates and provides continuing professional education (CPE) opportunities for auditors, accountants, managers, investigators, and other professional staff. During fiscal year 2018:

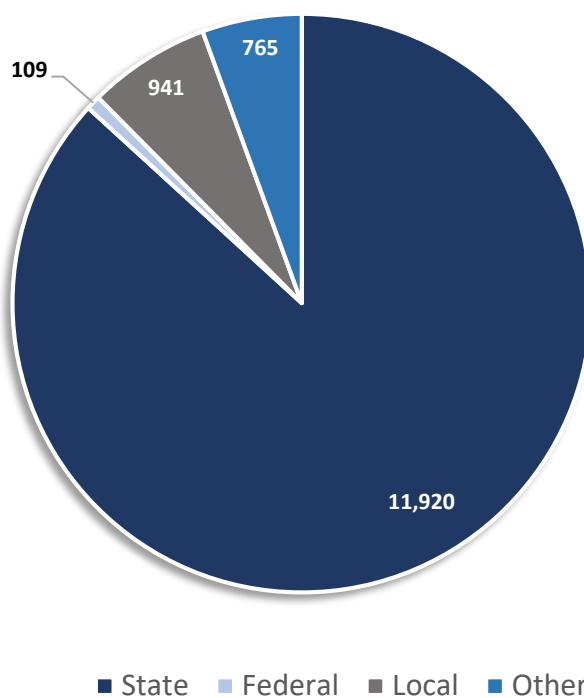
- 113 courses were held.
- 1,492 public and private sector employees attended the training courses.
- Employees of 82 federal, state, and local government entities and other organizations received training.
- 13,735 CPE hours were earned through courses open to external participants.

See the figures below for information regarding the course subject matter and the number of CPE hours earned by entity type for courses open to external participants.

Courses by Subject Matter



CPE Hours Earned by Entity Type





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Professional Development

Courses Offered by Professional Development Internal and External Courses

Advanced Audit Methods and Techniques	Intermediate/Advanced Excel Features Beneficial for Accountants and Auditors (offered twice)
Assessing Data Reliability	Interviewing Techniques for Effective Audits
Audit 101 Training – IT General Controls	Level II: Statistical Data Analytics for Fraud, Waste, and Abuse
Auditing Cloud Computing Security	Managing a Successful Audit
Auditing Essentials	Managing Fraud Risks in Procurement and Contracting
Auditing/Accounting Standards	Non-Confrontational Interviewing Techniques for Auditors and Inspectors
Beyond Excel to the Max (offered twice)	Presenting Audit Results Brilliantly through Reports and Briefings
Creativity and Innovation	Process Flow Auditing
Developing a Results-Focused Management Style	Procurement and Contracting Fraud Prevention and Detection
Effectively Auditing Government Contracts	Procurement Fraud Trends
Emotional Intelligence: Managing Self and Influencing Others	Project Management for Auditors
Forensic Accounting and Financial Statement Fraud Analysis	Quick Response Audits
Fraud Deterrence and Detection Skills for Government Auditors and Managers	Root Cause Analysis
High Impact Auditing	Securing and Auditing PeopleSoft Applications
High Impact Performance Auditing: Advocacy, Mapping, Objectives, and Evidence	Successful Audit Data Analytics
Information Technology Auditing	Unix/Linux Advanced for Auditors
Intelligent Productivity: Do More with Less Stress and Hassle	





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Courses Offered by Professional Development Internal Only Courses

A Deep Dive Into How Communication Styles Can
Affect Collaboration

Active Directory

Active Listening

Administering Emergency Oxygen

Best Practices for Communicating with Auditees

Coaching Staff to the Right Solution

Dealing with Difficult Workplace and Employee
Issues

Driving Safety On-site

Effective Communication and Public Speaking
Techniques

Effectively Communicating through Coaching Notes

Effectively Communicating with Email

How to Manage the Details without Micromanaging
the Team

IT Audit at the SAO

Motivating Team Members

Navigating Your Career (offered twice)

OPEB-GASB 75 Webcast

New Auditor Training - multiple courses (offered three
times)

Personnel Law (offered three times)

Presenting Issues to Auditees

Project Budgeting

Records Management, Open Records, and Confidential
Information

Reviewing Audit Documentation (offered three times)

Taking the Budget to the AFR

The Auditor's Guide to Resolving Conflict

Understanding Program Processes

Understanding Work Styles for Better Productivity and
Coaching

Writing and Asking Effective Questions

Writing Search Warrants





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Other Professional Development Activities

Audit Conference

The State Auditor's Office hosted the 2018 Audit Conference at the Joe C. Thompson Conference Center in August 2018. A total of 172 state and local government auditors attended the 2-day conference, which featured a general session on cybersecurity auditing and 18 breakout sessions focused on auditing essentials and other specialties, including leading audit and adding value.

Texas Fiscal Officers' Academy

In partnership with the Legislative Budget Board and the Office of the Comptroller of Public Accounts, the State Auditor's Office hosted the Texas Fiscal Officers' Academy (TFOA). Thirty-four participants representing 31 agencies completed the three-week training program, which is designed to (1) prepare individuals to assume the duties and roles of a state agency chief fiscal officer, (2) use the extensive resources in state government to share experiences and information to train future state agency fiscal officers, and (3) cultivate a highly competent professional group capable of providing state government with the leadership that Texans deserve.

Know the State

The State Auditor's Office hosted executives from two state agencies for the ongoing "Know the State" series, which featured one-hour information sessions about those agencies for State Auditor's Office personnel. Those state agencies were the Higher Education Coordinating Board and the Parks and Wildlife Department.

Other Instruction

Professional Development instructed the following courses for other organizations, including various state agencies and the Texas State Agency Business Administrators' Association (TSABAA):

- Effectively Communicating with Email.
- Essential Leadership Conversations.
- Project Management for Leaders.
- Leadership through Project Management.
- Leading Multiple Generations.
- What Great Leaders Do.

Professional Development Team activities are conducted in accordance with Texas Government Code, Section 2102.012.





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Other Activities

The State Auditor's Office conducts other work authorized or required by general law and by provisions of the General Appropriations Act—including participation in various workgroups and committees, performing research, and reviewing and monitoring agency activities—in addition to other activities of this Office. The following pages list those activities.

Other Activities

Audit Delegation and External Audit

- Conducted activities related to state agencies' and higher education institutions' delegated audit authority.⁷
- Monitored an external auditor's performance of a segment of the federal compliance portion of the Statewide Single Audit.⁸

Committees and Work Groups

- Participated in Contract Advisory Team activities as a technical advisor in a non-decision making role.⁹
- Participated in Quality Assurance Team activities in a non-decision making, advisory role.¹⁰
- Participated on the Records Management Interagency Coordinating Council as a nonvoting member.¹¹





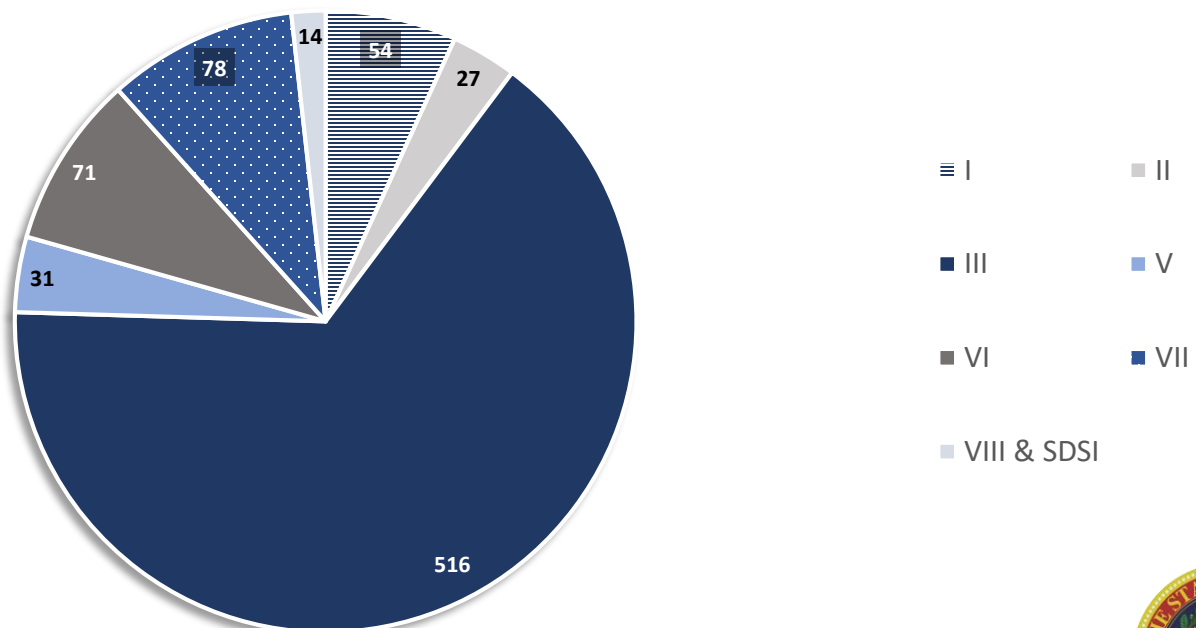
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Other Activities (continued)

Internal Audit Activities

- Notified mid-sized and large state agencies and higher education institutions regarding guidelines for completing their internal audit annual reports. Prescribed the form and content of the internal audit annual reports and the time and manner in which internal audit plans and annual reports should be posted on state agency and higher education institution Web sites pursuant to the Texas Internal Auditing Act and reviewed all internal audit reports submitted during the year.¹² (See the figure below for additional information on the periodic internal audit reports the State Auditor's Office received during fiscal year 2018.)
- Notified small agencies of their statutory responsibility, pursuant to the Texas Internal Auditing Act, to conduct a formal, annual risk assessment as part of their risk management process. Developed the guidelines and format for the annual risk assessment and reviewed the agencies' submissions.¹³
- Reviewed internal audit reports from higher education institutions regarding the higher education institutions' compliance with contracting requirements in Texas Education Code, Section 51.9337.¹⁴

Periodic Internal Audit Reports Received
by Article





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Other Activities (continued)

Monitor and Review

- Obtained the implementation status of outstanding recommendations contained in audit reports issued by the State Auditor's Office from higher education institutions, agencies, and other audited entities.¹⁵
- Reviewed reports from the Health and Human Services Commission's Office of Inspector General and Office of Independent Ombudsman for State Supported Living Centers.¹⁶
- Reviewed the fiscal impact information and justification for rate increases provided by the Health and Human Services Commission.¹⁷
- Reviewed tax settlement information provided by the Office of the Comptroller of Public Accounts.¹⁸
- Reviewed ethics policies of the State Board of Education, upon request.¹⁹
- Reviewed the nepotism disclosure form that state agency purchasing personnel must complete prior to the award of a major contract.²⁰
- Assessed state agency reporting to the State Auditor's Office.
- Analyzed law enforcement agencies' asset forfeiture expenditure data.²¹

Testimony and Presentations

- Testified and/or served as a resource on State Auditor's Office work for six committees and subcommittees of the Senate and the House of Representatives.²²
- State Auditor's Office personnel gave 13 presentations to the following entities on various audit-related topics, including common contract audit issues:
 - Institute of Internal Auditors Southern Regional Conference.
 - Office of the Comptroller of Public Accounts.
 - Texas Association of College and University Auditors.
 - Texas Association of Procurement Professionals.
 - Texas Fiscal Officers' Academy.
 - The University of Texas at Austin.
 - U.S. Department of State's International Visitor Leadership Program.





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Other Activities (continued)

National Audit Organizations

State Auditor's Office personnel participated in audit organizations that coordinate with peers from across the United States, enhance skills development, and further advance the practice of government auditing. Specifically:

- The executive committee of the Southwest Intergovernmental Audit Forum (SWIAF), which promotes communication, coordination, and cooperation among the federal, state, and local audit agencies throughout the region to foster effectiveness and efficiency of governmental operations.
- The American Institute of Certified Public Accountants' (AICPA) Governmental Audit Quality Center (GAQC), which promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services.
- Committees of the National State Auditors Association (NSAA), which cooperatively addresses government financial management issues. Those committees are:
 - Audit Standards and Reporting Committee.
 - Emerging Leaders Conference Program Committee.
 - Excellence in Accountability Awards Committee.
 - Human Resources Committee.
 - IT Conference Program Committee.
 - Peer Review Committee.
 - Performance Audit Committee.
 - Single Audit Committee.
- The National State Auditors Association (NSAA) Peer Review Program. The external peer review team reviewed a peer state auditor's internal quality control systems to confirm compliance with generally accepted government auditing standards.





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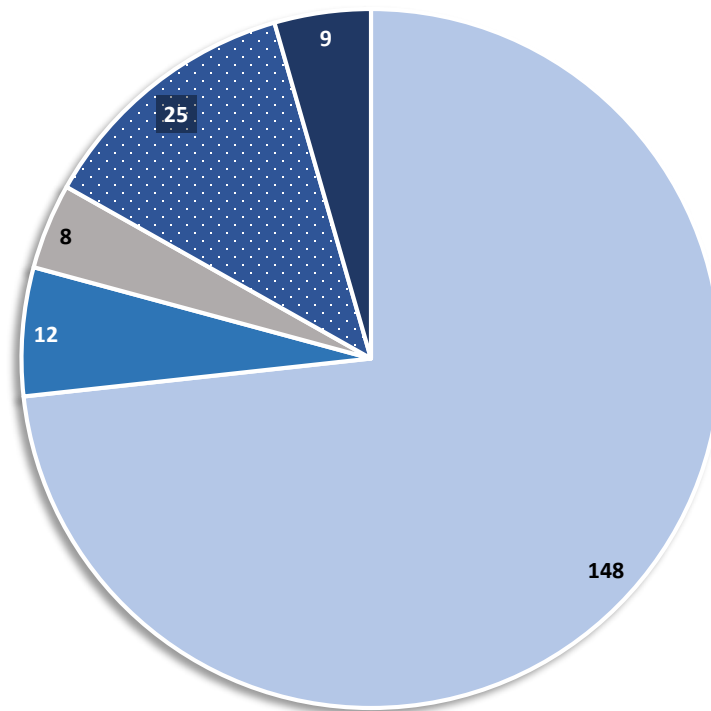
Other Activities (continued)

Certifications

State Auditor's Office personnel hold 202 professional certifications related to audit and financial, classification and human resources, investigations, information technology, and other advanced skills.

See the figure below for information regarding the number of certifications held by category. In addition, the following page details the certifications within each category and the number of certified employees when more than one individual holds the certification.

Certifications by Category



- Audit and Financial
- Classification and Human Resources
- Investigations
- Information Technology
- Other





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Other Activities (continued)

Certifications (continued)

Audit and Financial

Certification in Risk Management Assurance
Certified Fiduciary and Investment Risk Specialist
Certified Financial Services Auditor
Certified Fraud Examiner (42)
Certified Government Auditing Professional (25)
Certified Government Financial Manager (2)
Certified Information Systems Auditor (14)
Certified Internal Auditor (16)
Certified Internal Controls Auditor (2)
Certified Investments and Derivatives Auditor (4)
Certified Public Accountant (39)
Chartered Global Management Accountant

Classification and Human Resources

Certified Compensation Professional (2)
Professional in Human Resources (5)
SHRM Certified Professional (5)

Investigations

Cellebrite Certified Operator
Cellebrite Certified Physical Analyst
Certified Electronic Evidence Collection Specialist
Certified Forensic Computer Examiner
Certified Forensic Interviewer
Certified Fraud Examiner (3)

Information Technology

Certificate of Cloud Security Knowledge
Certified Ethical Hacker
Certified Information Systems Security Professional
CompTIA A+ (3)
CompTIA Security+ (4)
Enterprise Desktop Support Technician on Windows 7
Microsoft Certified IT Professional (3)
Microsoft Certified Professional
Microsoft Certified Solutions Associate
Microsoft Certified Solutions Expert (2)
Microsoft Certified Systems Administrator
Microsoft Certified Systems Engineer (2)
Microsoft Certified Technology Specialist Network+ (2)
SAS Certified Base Programmer for SAS 9

Other

Certified Records Manager
Certified Texas Purchasing Manager (2)
CompTIA Project+
Digital Archives Specialist
Licensed by the State Bar of Texas (3)
Project Management Professional





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Other activities that the State Auditor's Office performed were conducted in accordance with the following:

¹ Texas Government Code, Section 2052.103.

² Texas Government Code, Section 661.923.

³ Texas Government Code, Section 661.151.

⁴ Texas Government Code, Section 654.036.

⁵ Texas Government Code, Section 654.0375.

⁶ Texas Government Code, Section 651.007.

⁷ Texas Government Code, Section 321.020.

⁸ Title 31, United States Code, Section 7502.

⁹ Texas Government Code, Section 2262.102.

¹⁰ Texas Government Code, Section 2054.158.

¹¹ Texas Government Code, Section 441.203.

¹² Texas Internal Auditing Act (Texas Government Code, Sections 2102.009, 2102.0091, and 2102.015).

¹³ Texas Internal Auditing Act (Texas Government Code, Sections 2102.013 and 2102.014).

¹⁴ Texas Education Code, Section 51.9337.

¹⁵ Texas Government Code, Section 321.014.

¹⁶ Texas Health and Safety Code, Sections 552.102, 552.103, 555.059, and 555.102.

¹⁷ Section 17, pages II-124 through II-126, the General Appropriations Act (85th Legislature).

¹⁸ Texas Government Code, Section 321.0138.

¹⁹ Texas Education Code, Section 43.0031.

²⁰ Texas Government Code, Section 2262.004.

²¹ Texas Code of Criminal Procedure, Article 59.061.

²² Texas Government Code, Section 301.028.





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Award

The State Auditor's Office received an award from a national organization, which is described below.

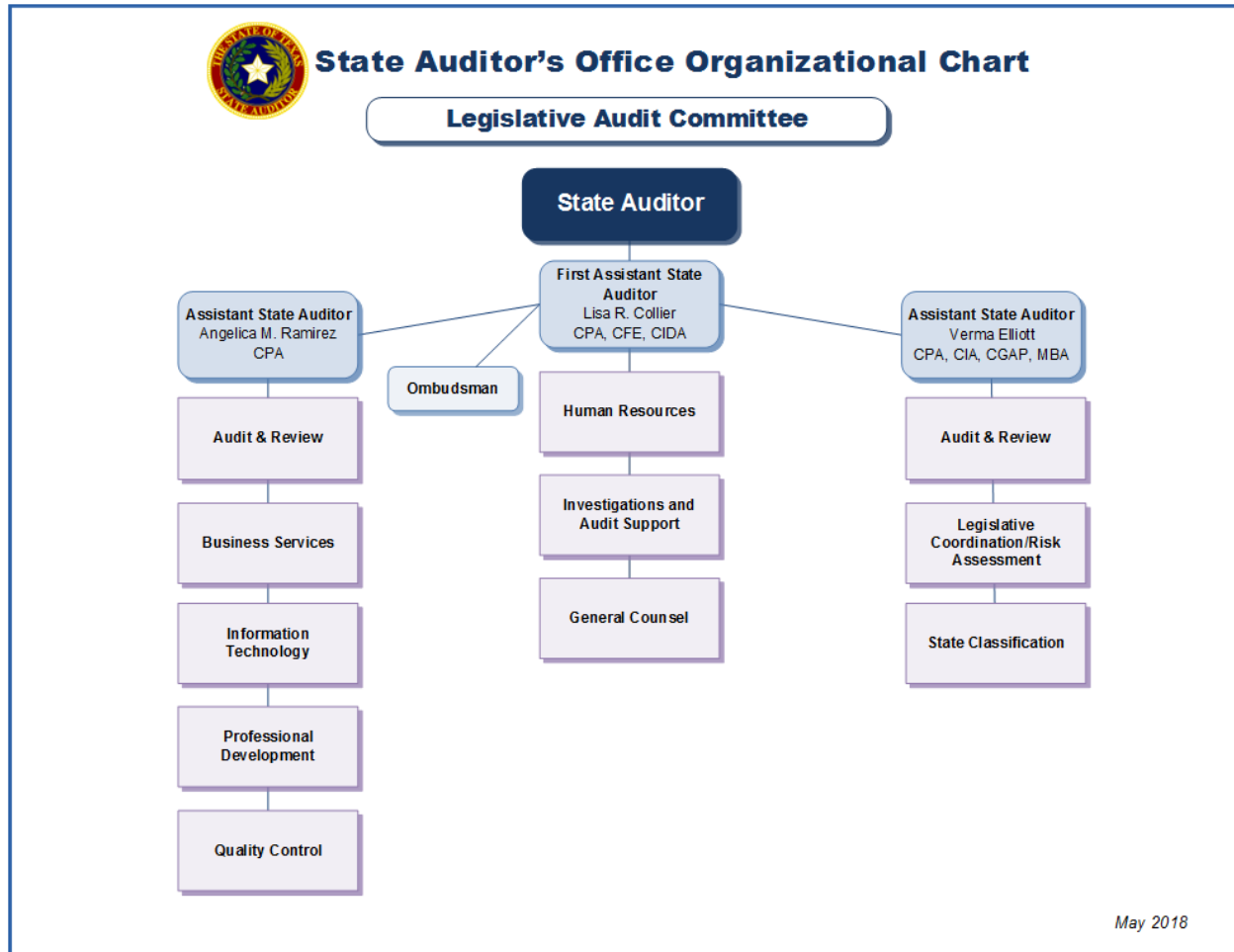
In June 2018, the National Legislative Program Evaluation Society (NLPES) announced that the State Auditor's Office would receive an NLPES Impact Award for *A Report on State Agency Administration of Emergency and Administrative Leave* (State Auditor's Office Report No. [17-702](#), November 2016). That award, which is given to state audit offices whose work demonstrates a public impact within their respective states, was presented at the NLPES professional development seminar in September 2018.





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Organizational Chart





The State Auditor's Office

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*Copies of this report have been
distributed to the following:*

85th Legislature

All members of the 85th Legislature

Office of the Governor

The Honorable Greg Abbott, Governor





The State Auditor's Office

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