

ANNUAL REPORT



The State Auditor's Office

Annual Report for Fiscal Year 2019

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

October 2019



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

October 8, 2019

Members of the Legislative Audit Committee:

The State Auditor's Office (Office) has prepared its fiscal year 2019 annual report. This report summarizes the audit work and other activities that the Office performed during fiscal year 2019, pursuant to Texas Government Code, Chapter 321.

This annual report is dedicated the memory of Ms. Pamela Munn, who was an employee of the State Auditor's Office from 1997 until her retirement in 2015. Upon her retirement, Ms. Munn was the manager of the Investigations and Audit Support team. She had an extensive career in law enforcement that began when she became the first female police officer at the Huntsville Police Department.

This annual report reflects the professionalism, dedication, and high quality work performed by the Office's staff. Additionally, it demonstrates the Office's achievement of fulfilling its statutory responsibilities and addressing risk across the state. Highlights from the annual report include:

- Audit and Review released 52 reports. Those reports addressed risk across various topics and General Appropriations Act articles.
- The Office rated 191 audit findings. The majority of those findings (74 percent) were rated Low or Medium.
- The State Classification Team updated the State's Position Classification Plan in the General Appropriations Act for the 86th Legislature.
- Professional Development offered 151 courses covering a variety of topics for federal, state, and local government entities and other organizations.
- The Office performed other activities such as providing testimony and presentations, developing internal audit guidance, and acting in advisory/non-voting roles on the State's Contract Advisory Team, Quality Assurance Team, and Records Management Interagency Coordinating Council.

I am also pleased to report that Office staff continue to maintain various certifications relevant to the Office's work. Those certifications include Certified Public Accountants, Certified Fraud Examiners, and Certified Information System Auditors.

Thank you for your support and the work that you do. I also want to thank the state agencies, institutions of higher education, and other entities the Office audited for their professionalism and assistance while working with us to complete these activities.

Please contact me at (512) 936-9448 or (512) 318-6382 if you have any questions or comments. I am available to you and your staff at your convenience.

Respectfully,

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

cc: The Honorable Greg Abbott, Governor

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The State Auditor's Office

ANNUAL REPORT FOR FISCAL YEAR 2019

Overview

The State Auditor's Office *Annual Report* highlights audit work and other activities our office performed during fiscal year 2019. 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.





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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



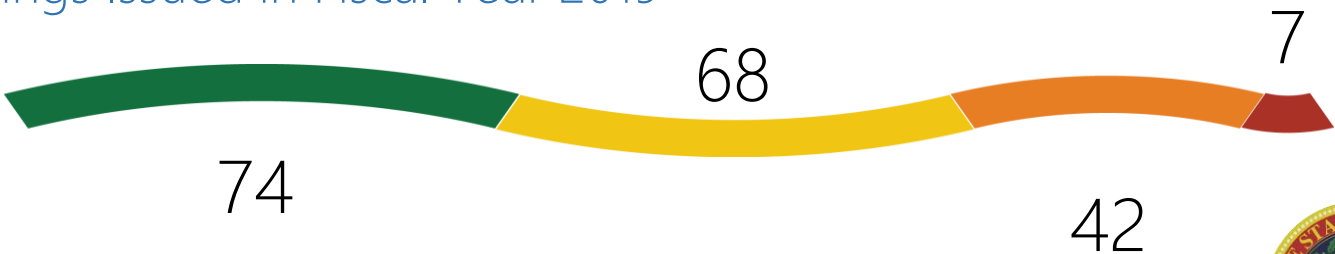
Issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

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 2019





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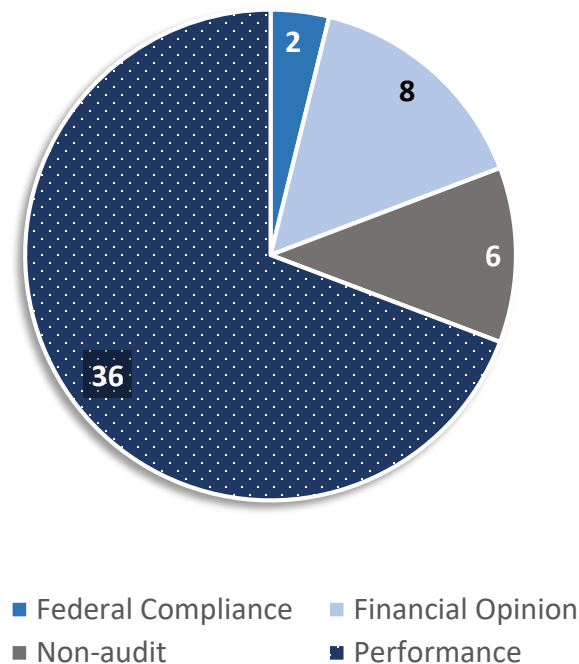
Audit and Review

The Audit and Review Team completed 52 reports from audits and other projects related to state agencies, higher education institutions, and other entities in fiscal year 2019. The types of projects performed included:

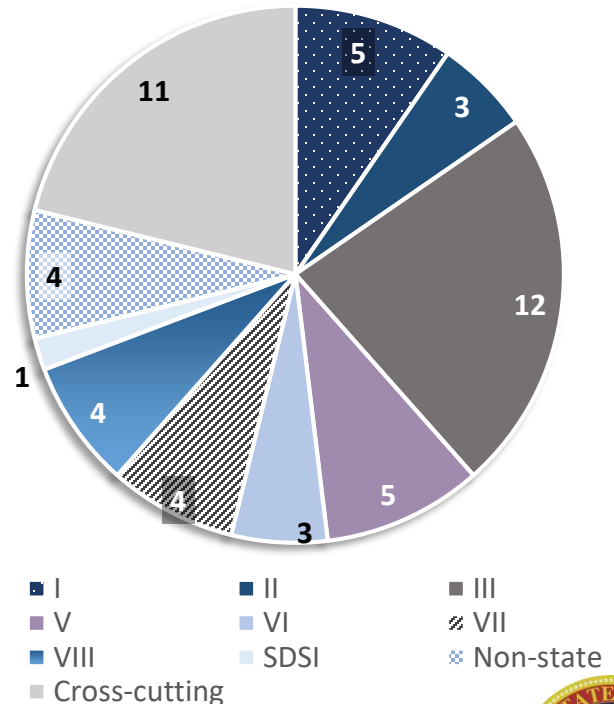
- Financial opinion audits.
- Federal compliance audits.
- Performance audits, including financial-related audits.
- Non-audit projects.

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



Reports by Article





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Audit and Review

Report Title	Report Number	Release Date	Report Ratings
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Article I: General Government

A Report on the Audit of the Employees Retirement System's Fiscal Year 2018 Employer Pension and Other Post-employment Benefits Schedules	19-038	07/05/2019	
An Audit Report on Selected Contracts at the Historical Commission	19-023	01/22/2019	● ● ● ●
An Audit Report on Financial Processes at the Office of the Secretary of State	19-020	01/11/2019	● ● ● ●
A Report on the Audit of the Employees Retirement System's Fiscal Year 2018 Financial Statements	19-018	12/28/2018	
An Audit Report on Selected Capitol Complex Project Contracts at the Texas Facilities Commission	19-016	12/20/2018	● ● ● ●

Article II: Health and Human Services

An Audit Report on the Health and Human Services Commission's System of Contract Operation and Reporting	19-028	02/05/2019	● ● ● ●
An Audit Report on Medicaid Managed Care Contract Processes at the Health and Human Services Commission	19-025	01/29/2019	● ● ● ●
An Audit Report on Selected Contracts at the Health and Human Services Commission	19-010	11/26/2018	● ● ● ●





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Report Title	Report Number	Release Date	Report Ratings
Article III: Education			
An Audit Report on Performance Measures at the Higher Education Coordinating Board	19-047	08/09/2019	
An Audit Report on Contracting at the Texas Tech University System	19-041	07/15/2019	● ● ● ●
A Report on the Audit of the Teacher Retirement System's Fiscal Year 2018 Employer Pension and Other Post-employment Benefits Liability Allocation Schedules	19-035	06/12/2019	
An Audit Report on Selected Contracts at The University of Texas System	19-032	02/26/2019	● ● ● ●
An Audit Report on Cybersecurity at the School for the Deaf	19-031	02/26/2019	● ● ● ●
A Report on State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2018 <i>(see the report for the higher education institutions audited)</i>	19-030	02/22/2019	
An Audit Report on Certification of the Permanent School Fund's Bond Guarantee Program for Fiscal Year 2018	19-026	01/31/2019	
A Report on the Audit of the Permanent School Fund's Fiscal Year 2018 Financial Statements	19-021	01/18/2019	
Entities audited:			
▪ General Land Office ▪ Texas Education Agency			
A Report on the Audit of the Teacher Retirement System's Fiscal Year 2018 Financial Statements	19-015	12/20/2018	





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Report Title	Report Number	Release Date	Report Ratings
Article III: Education (continued)			
An Audit Report on Financial Processes at the Texas A&M Forest Service	<u>19-009</u>	11/27/2018	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Angelo State University's Compliance with Requirements Related to the Historically Underutilized Business and State Use Programs	<u>19-008</u>	11/13/2018	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on a Selected Contract at the University of North Texas System	<u>19-001</u>	09/04/2018	<div><div></div><div></div><div></div><div></div></div>

Article V: Public Safety and Criminal Justice

An Audit Report on Contracting at the Juvenile Justice Department	<u>19-043</u>	07/25/2019	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Diversion Program Grants at the Texas Department of Criminal Justice	<u>19-040</u>	07/15/2019	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Inspections and Enforcement at the Commission on Jail Standards	<u>19-037</u>	06/12/2019	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on the Department of Public Safety's Driver License Division	<u>19-014</u>	12/17/2018	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Performance Measures at the Commission on Fire Protection	<u>19-002</u>	09/18/2018	

Article VI: Natural Resources

An Audit Report on Financial Management at the Railroad Commission	<u>19-045</u>	07/26/2019	<div><div></div><div></div><div></div><div></div></div>
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Report Title	Report Number	Release Date	Report Ratings
Article VI: Natural Resources (continued)			
A Summary Report on Senate Bill 1289 Provisions Related to the Water Development Board's Financial Assistance of Construction Projects	19-019	12/28/2018	
An Audit Report on the Commission on Environmental Quality's Administration of the Texas Emissions Reduction Plan Grants	19-005	10/15/2018	<div><div></div><div></div><div></div><div></div></div>
Article VII: Business and Economic Development			
An Audit Report on Facilities-related Contracts at the Department of Transportation	19-050	08/28/2019	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Selected Contracts at the Department of Motor Vehicles	19-029	02/13/2019	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Information Technology Contract Oversight at the Department of Transportation	19-024	01/30/2019	<div><div></div><div></div><div></div><div></div></div>
A Report on the Audit of the Department of Housing and Community Affairs' Fiscal Year 2018 Financial Statements	19-017	12/28/2018	
Article VIII: Regulatory			
An Audit Report on Health-related Programs at the Department of Licensing and Regulation	19-049	08/28/2019	<div><div></div><div></div><div></div><div></div></div>





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Report Title	Report Number	Release Date	Report Ratings
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Article VIII: Regulatory (continued)

An Audit Report on the Texas Peer Assistance Program for Nurses	19-036	06/11/2019	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Complaint Processing at the Public Utility Commission of Texas	19-034	05/29/2019	<div><div></div><div></div><div></div><div></div></div>
A Report on an Audit of Financial Transactions Associated with the Suspension of Operations of the Texas Health Reinsurance System	19-033	02/27/2019	

Self-directed, Semi-independent Agency

An Audit Report on the Real Estate Commission: A Self-directed, Semi-independent Agency	19-044	07/25/2019	<div><div></div><div></div><div></div><div></div></div>
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Non-state Entities

An Audit Report on Selected Groundwater Conservation Districts	19-039	07/08/2019	<div><div></div><div></div><div></div><div></div></div>
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Entities audited:

- Barton Springs/Edwards Aquifer Conservation District
- Calhoun County Groundwater Conservation District
- Evergreen Underground Water Conservation District
- Gonzales County Underground Water Conservation District
- Headwaters Groundwater Conservation District
- Live Oak Underground Water Conservation District
- Mesa Underground Water Conservation District





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Report Title	Report Number	Release Date	Report Ratings
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Non-state Entities (continued)

A Summary of Financial and Performance Reports Submitted by Regional Planning Commissions	19-013	12/17/2018	
An Audit Report on Amerigroup Texas, Inc. and Amerigroup Insurance Company, a Managed Care Organization	19-011	11/27/2018	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors	19-004	10/10/2018	<div><div></div><div></div><div></div><div></div></div>
Entities audited:			
<div><div>▪ Willow Bend Center</div><div>▪ The Children's Home of Lubbock and Family Service Agency, Inc.</div><div>▪ High Sky Children's Ranch, Inc.</div><div>▪ The El Paso Center for Children, Inc.</div></div>			

Cross-cutting

An Audit Report on Incentive Compensation at the Permanent School Fund, General Land Office, Teacher Retirement System, and Employees Retirement System	19-048	08/21/2019	<div><div></div><div></div><div></div><div></div></div>
An Audit Report on Selected Major Agreements Under the Texas Economic Development Act	19-046	07/31/2019	<div><div></div><div></div><div></div><div></div></div>
Entities audited:			
<div><div>▪ Office of the Comptroller of Public Accounts</div><div>▪ Texas Education Agency</div><div>▪ Barbers Hill Independent School District</div><div>▪ Calhoun County Independent School District</div><div>▪ Floydada Independent School District</div></div>			
An Audit Report on the Vendor Performance Tracking System at the Office of the Comptroller of Public Accounts and Its Use by the Texas Workforce Commission and the Parks and Wildlife Department	19-042	07/18/2019	<div><div></div><div></div><div></div><div></div></div>





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Report Title	Report Number	Release Date	Report Ratings
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Cross-cutting (continued)

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2018
(see the report for the agency and higher education institution schedules of expenditures of federal awards audited)

[19-555](#) 02/28/2019

Entities' financial accounts audited:

- Health and Human Services Commission
- Texas Education Agency
- Office of the Comptroller of Public Accounts
- Texas Workforce Commission
- Texas A&M University System

State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2018
(see the report for the agencies and higher education institutions audited)

[19-315](#) 02/28/2019

A Report on the Implementation Status of Prior State Auditor's Office Recommendations
(see the report for the self-reported status of recommendations issued from September 1, 2014, through June 30, 2018)

[19-027](#) 02/06/2019

Entities included:

- Office of the Comptroller of Public Accounts
- School for the Deaf
- Department of Motor Vehicles
- Office of the Attorney General
- General Land Office
- Department of State Health Services
- Water Development Board

A Report on the Delegation of Authority to State Entities to Contract for External Audit Services
(see the report for the state entities included)

[19-022](#) 01/18/2019

A Report on the Self-reported Implementation of Sunset Advisory Commission Management Actions

[19-012](#) 11/30/2018

Entities included:

- Board of Chiropractic Examiners
- Department of Licensing and Regulation
- Palo Duro Water District
- Sulphur River Basin Authority
- Board of Pharmacy
- Employees Retirement System
- Railroad Commission
- Texas Board of Nursing
- Upper Colorado River Authority
- Board of Veterinary Medical Examiners
- Optometry Board
- State Bar of Texas
- Department of Transportation





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Report Title	Report Number	Release Date	Report Ratings
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Cross-cutting (continued)

A Report on Analysis of Quality Assurance Team Projects

[19-007](#)

11/09/2018

Entities included:

- Office of the Comptroller of Public Accounts
- Texas Workforce Commission
- Commission on State Emergency Communications
- Department of State Health Services

An Audit Report on Vehicle Fleet Management at Selected State Entities

[19-006](#)

10/29/2018



Entities included:

- Animal Health Commission
- Department of Transportation
- Parks and Wildlife Department

An Audit Report on Incentive Compensation at the Permanent School Fund, General Land Office, Employees Retirement System, and Teacher Retirement System

[19-003](#)

09/18/2018





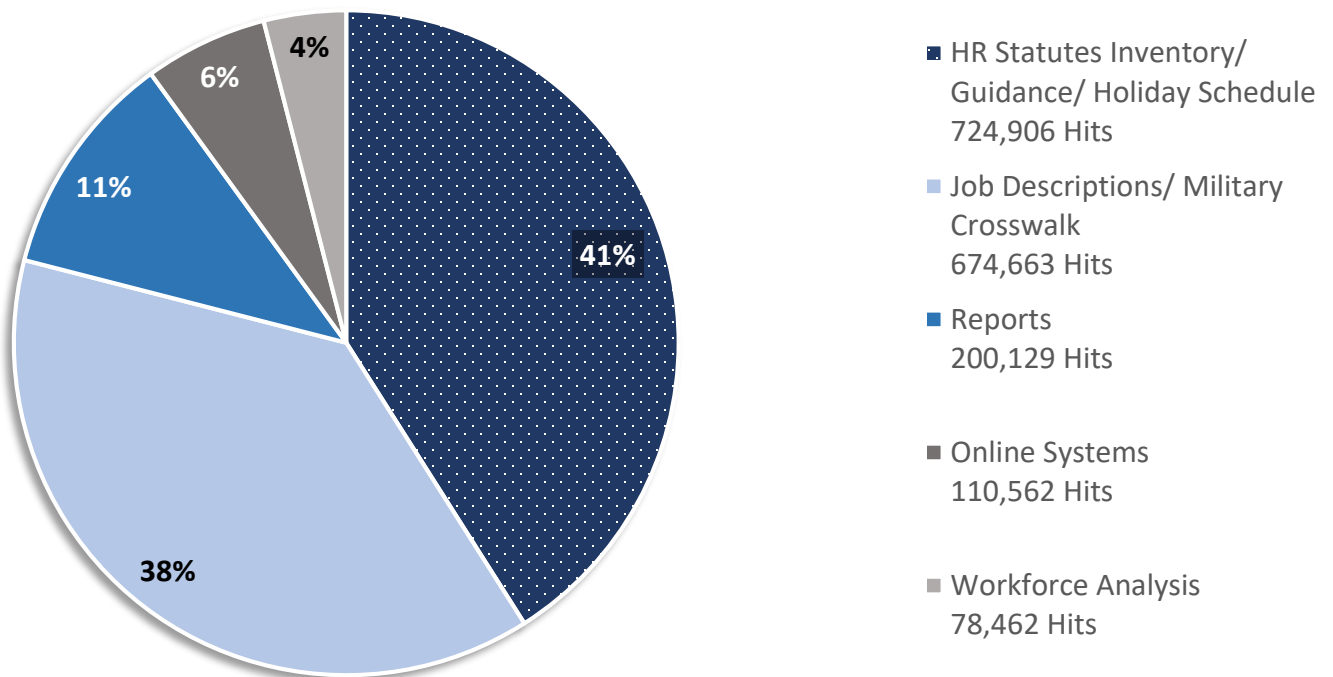
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Classification

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 2019, the State Classification Team released six reports and revised six additional resources, 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

1.8 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 Classification Compliance Audit Report on Information Technology Positions at Natural Resources Agencies	19-706	02/28/2019	● ● ● ●
Entities audited:			
<ul style="list-style-type: none">▪ Animal Health Commission▪ General Land Office▪ Soil and Water Conservation Board▪ Commission on Environmental Quality▪ Parks and Wildlife Department▪ Department of Agriculture▪ Railroad Commission▪ Water Development Board			
A Summary Report on Full-time Equivalent State Employees for Fiscal Year 2018	19-705	02/01/2019	
Texas State Agencies' and Higher Education Institutions' Workforce Summaries for the 86 th Legislature	19-704	01/23/2019	
An Annual Report on Classified Employee Turnover for Fiscal Year 2018	19-703	12/14/2018	
A Biennial Report on the State's Position Classification Plan for the 2020-2021 Biennium	19-702	10/01/2018	
A Report on the State's Law Enforcement Salary Schedule (Salary Schedule C) for the 2020-2021 Biennium	19-701	09/04/2018	





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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.

Job Descriptions

- [New and Revised Job Descriptions for the 2020-2021 Biennium](#)
- [Job Description Guide](#)

Job descriptions are reviewed and updated biennially to address changes to the State's Position Classification Plan, clarify duties and responsibilities, and incorporate feedback from state agencies on their use of the job descriptions. The Job Description Guide assists state agencies in outlining the components of a State job description.

Military Crosswalk

- [Revised Military Crosswalk for the 2020-2021 Biennium](#)
- [Military Crosswalk Guide](#)

The military crosswalk is designed to match 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.¹

Conversion Manual

- [Conversion Manual](#)
- [Conversion Manual Guide](#)

Each biennium, the State Classification Team reviews the State's Position Classification Plan (Plan) and makes recommendations to add new job classifications, delete current job classifications that are not utilized or have low utilization, and reallocate job classifications to maintain their market competitiveness. The State Classification Team then partners with the Office of the Comptroller of Public Accounts to produce a manual to assist agencies with the changes the Legislature made to the Plan.





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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. 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.² 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.³ 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.

In partnership with the National White Collar Crime Center, IAS hosted a 3-day course on Financial Records Examination and Analysis. In addition to 4 IAS Investigators and Analysts, 32 county, city, and state investigators attended.

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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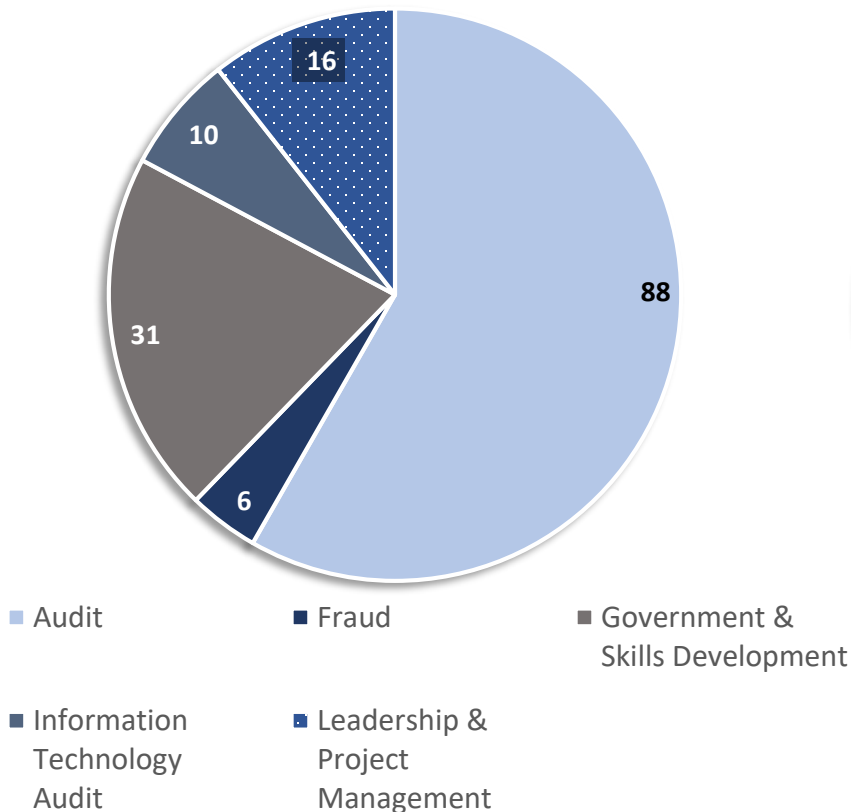
Professional Development

The Professional Development Team coordinates and provides continuing professional education (CPE) opportunities for auditors, accountants, managers, investigators, and other professional staff. During fiscal year 2019:

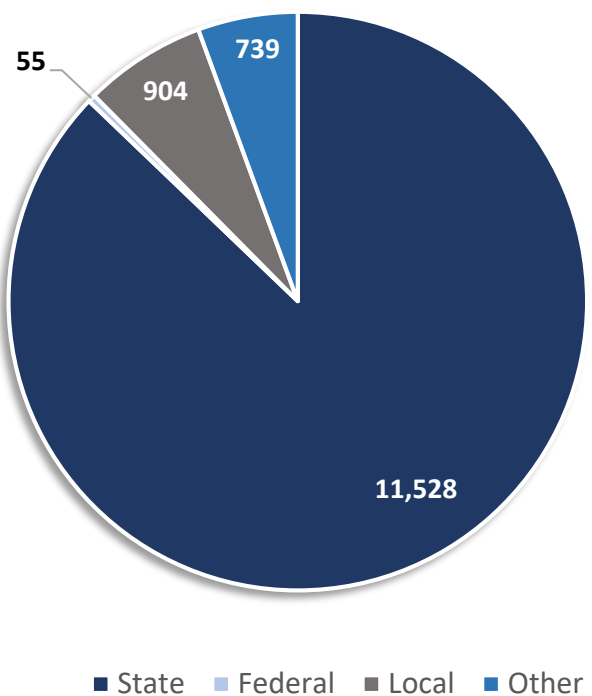
- 151 courses were held.
- 2,104 public and private sector employees attended the training courses.
- Employees of 104 federal, state, and local government entities and other organizations received training.
- 13,226 CPE hours were earned through courses open to external participants.

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

2018 Government Auditing Standards: Interpretation and Application (offered twice)

Addressing Corruption and Conflict of Interests

Advanced Auditing Methods and Techniques for 2020

Analyze Smarter: Intelligent Data Analysis in Excel

Auditing Essentials

Auditing for Accounting Fraud

Auditing Vendor Management

Behavior & Communication Skills for Auditors

Building Trust and Increasing Employee Engagement

Create Excel Charts and Dashboards Using PivotTables

Creative Visualization with Data Analytics

Developing Greater Influence by Improving Your Communication and Conflict Resolution Skills

Developing Results Driven Audit Work Programs

Effective Identification and Testing of Internal Controls

Embedding Critical Thinking in the Internal Audit Process

Fraud Cases and Their Impact on Government Auditors and Managers

Fraud Deterrence & Detection Skills for Government Auditors and Managers

Fundamentals of Internal Auditing

How to Properly Prepare Audit Documentation & Workpapers

Intermediate/Advanced Excel Features Beneficial for Auditors and Accountants (offered twice)

Introduction to Government Auditing-Accounting and Financial Reporting Accounting

Introduction to Linux/Unix for Auditors.

Investigating Internal Fraud and Conducting Investigations

IT Basics and Application Controls for Non-IT Auditors

Keys to Being an Effective Audit Manager

Keys to Being an Effective Audit Senior

Leadership in Internal Auditing - Building the Next Generation of Internal Auditing Leaders

Manager's Guide to Cybersecurity Risk Assessment and Management and Audit Priorities

Managing Time, Stress, and Communications in a Busy Audit Environment

Maximum Productivity-Time Management and Time Budgeting Strategy

Motivational Interviewing and Neuro-linguistic Programming Primer for Audit Professionals

Optimized Audit Interviewing

Presenting Audit Results Brilliantly through Reports

Procurement and Contracting Fraud Prevention and Detection

Procurement Fraud Trends

Securing & Auditing PeopleSoft

The 8 Levels of Cultural Competence When Conducting Audits

Writing for Clarity and Impact

View the current course schedule on the State Auditor's Office's Web site: <https://www.sao.texas.gov/Training>





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Courses Offered by Professional Development Internal Only Courses

Perfecting the Elements of a Workpaper (Improving Your Writing)

Arbutus Basic Training (offered twice)

Best Practices for Carrying Issues Forward

Best Practices for Writing Audit Programs

CAPPS Financial and HR: A Walk-Through

CPR/First Aid/AED (offered twice)

Dealing with Difficult Workplace and Employees Issues

Diversity/Equity/Inclusion + How Unconscious Bias Impacts Our Performance (offered seven times)

Effectively Using Excel to Analyze Data and Document Audit Work

Essentials of Project Management

First Level Review Expectations (offered three times)

GAGAS Update (offered seven times)

Increasing Efficiencies Using Agile Techniques

IT Audit at the SAO

IT Risks and Criteria Related to PeopleSoft

IT Risks for Emerging Project Managers

Navigating Your Career (offered twice)

New Auditor Training - multiple courses (offered four times)

Records Management, Open Records and Confidential Information (offered twice)

Testing Change Management

Testing User Access/Passwords in Specific Environments

Understanding Program Processes (offered three times)

Understanding Project Milestones

Understanding the Formation and Life Cycle of the Audit Program

Understanding the Report Writing Process

Words Matter: Understanding the Nuances that May Change the Meaning of the Message

Writing Effective and Concise Conclusions





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Other Professional Development Activities

Audit Conference

The State Auditor's Office hosted the 2019 Audit Conference at the Commons Conference Center in August 2019. A total of 219 state, county, and local government auditors and private-industry auditing firms attended the 2-day conference, which featured a general session on managing change and 18 breakout sessions focused on improving audit processes, current events impacting audit, information technology audits, and audit specialties.

Other Instruction

Professional Development instructed the following courses for other organizations, including various state agencies and the Texas Association of Regional Councils:

- Motivation Models for Emerging Leaders
- Coaching Staff to the Right Solution
- Leading Multiple Generations
- Project Management for Non-Project Leaders
- Project Management for Leaders
- Productivity Style Coaching
- Effective Email Communication
- Productivity Style Coaching

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.⁴
- Monitored an external auditor's performance of a segment of the federal compliance portion of the Statewide Single Audit.⁵

Committees and Work Groups

- Participated in Contract Advisory Team activities as a technical advisor in a non-decision making role.⁶
- Participated in Quality Assurance Team activities in a non-decision making, advisory role.⁷
- Participated on the Records Management Interagency Coordinating Council as a nonvoting member.⁸





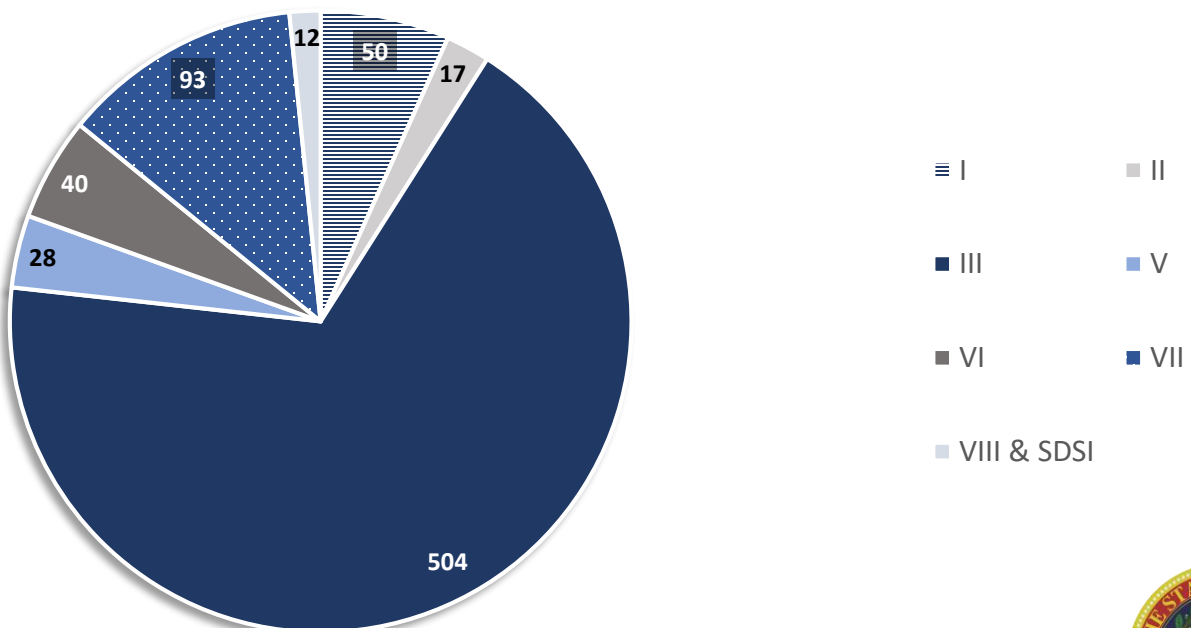
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Other Activities (continued)

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.⁹ (See the figure below for additional information on the periodic internal audit reports the State Auditor's Office received during fiscal year 2019.)
- 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.¹⁰
- Reviewed internal audit reports from higher education institutions regarding the higher education institutions' compliance with contracting requirements in Texas Education Code, Section 51.9337.¹¹

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.¹²
- Reviewed reports from the Health and Human Services Commission's Office of Inspector General and Office of Independent Ombudsman for State Supported Living Centers.¹³
- Reviewed the fiscal impact information and justification for rate increases provided by the Health and Human Services Commission, upon request.¹⁴
- Reviewed tax settlement information provided by the Office of the Comptroller of Public Accounts.¹⁵
- Reviewed ethics policies of the State Board of Education, upon request.¹⁶

Testimony and Presentations

- Testified and/or served as a resource on State Auditor's Office work for 15 committees and subcommittees of the Senate and the House of Representatives during the 86th Legislative Session.¹⁷
- State Auditor's Office personnel gave 12 presentations to the following entities on various audit-related topics, including common contract audit issues:
 - Southwest Intergovernmental Audit Forum
 - Texas Association of Regional Councils
 - Mountain and Plains Intergovernmental Audit Forum
 - State Agency Internal Audit Forum
 - Texas State Agency Business Administrators' Association





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Other Activities (continued)

National Audit Related Organizations

State Auditor's Office personnel participated in audit related 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, which helps to ensure member audit organizations maintain adequacy of and compliance with their systems of quality control and comply with requirements for a routine external peer review.





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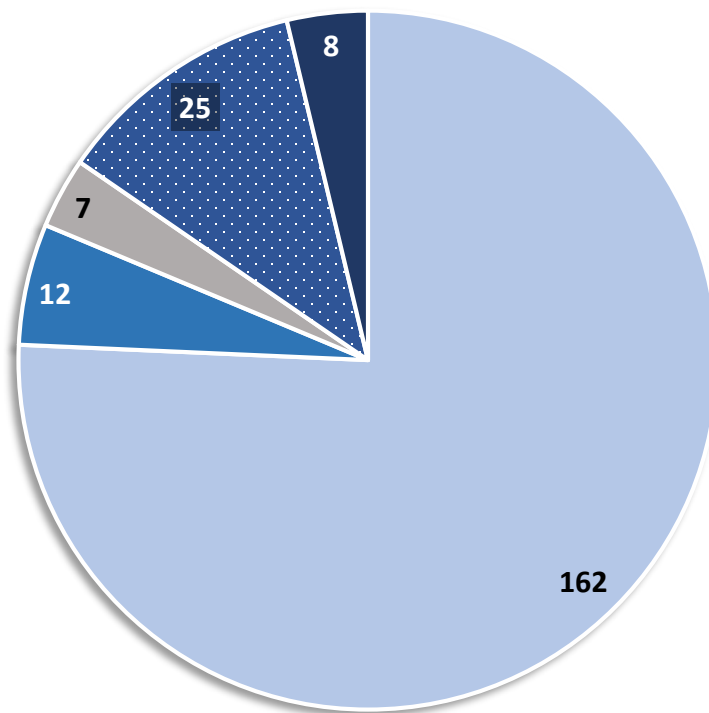
Other Activities (continued)

Certifications

State Auditor's Office personnel hold 214 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 Review

Certification in Risk Management Assurance
Certified Economic Crime Forensic Examiner
Certified Fiduciary and Investment Risk Specialist
Certified Financial Crime Specialist
Certified Financial Services Auditor
Certified Fraud Examiner (47)
Certified Government Auditing Professional (28)
Certified Government Financial Manager (2)
Certified Information Systems Auditor (13)
Certified Information Technology Professional
Certified Internal Auditor (19)
Certified Internal Controls Auditor (3)
Certified Investments and Derivatives Auditor (4)
Certified Public Accountant (38)
Chartered Global Management Accountant
Chartered Professional Accountant

Classification and Human Resources

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

Investigations and Audit Support

Certified Electronic Evidence Collection Specialist
Certified Forensic Computer Examiner

Investigations and Audit Support (Continued)

Certified Forensic Interviewer
Certified Fraud Examiner (4)

Information Technology

Certificate of Cloud Security Knowledge
Certified Ethical Hacker
Certified Information Systems Security Professional
CompTIA A+ (3)
CompTIA Security+ (3)
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
Microsoft Technology Associate
Network+ (2)
SAS Certified Base Programmer for SAS 9

Other

Certified Records Manager
Certified Texas Purchasing Manager (2)
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 654.0375.

² Texas Government Code, Section 651.007.

³ Texas Government Code, Section 2052.103.

⁴ Texas Government Code, Section 321.020.

⁵ Title 31, United States Code, Section 7502.

⁶ Texas Government Code, Section 2262.102.

⁷ Texas Government Code, Section 2054.158.

⁸ Texas Government Code, Section 441.203.

⁹ Texas Internal Auditing Act (Texas Government Code, Sections 2102.009, 2102.0091, and 2102.015).

¹⁰ Texas Internal Auditing Act (Texas Government Code, Sections 2102.013 and 2102.014).

¹¹ Texas Education Code, Section 51.9337.

¹² Texas Government Code, Section 321.014.

¹³ Texas Health and Safety Code, Sections 552.102, 552.103, 555.059, and 555.102.

¹⁴ Section 14, pages II-111 through II-113, the General Appropriations Act (86th Legislature).

¹⁵ Texas Government Code, Section 321.0138.

¹⁶ Texas Education Code, Section 43.0031.

¹⁷ 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.

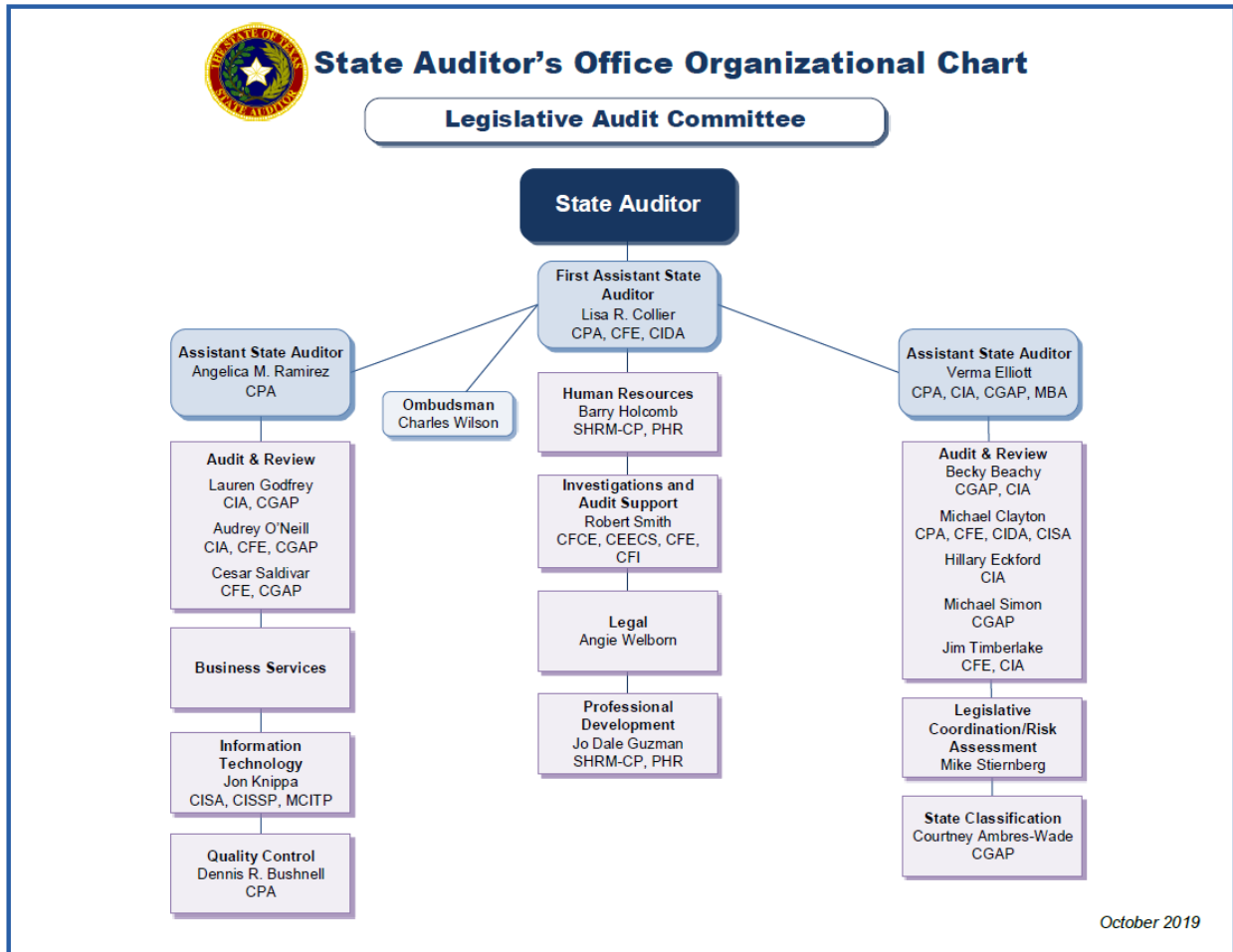
In June 2019, the National Legislative Program Evaluation Society (NLPES) announced that the State Auditor's Office would receive an NLPES Impact Award for *An Audit Report on Fees at the Department of Agriculture* (State Auditor's Office Report No. [17-049](#), August 2017). That award, which is given to state audit offices whose work demonstrates a public impact within their respective states, was presented at the NLPES professional development seminar in September 2019.





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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:*

86th Legislature

All members of the 86th Legislature

Office of the Governor

The Honorable Greg Abbott, Governor





The State Auditor's Office

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