

ANNUAL REPORT



The State Auditor's Office

Annual Report for Fiscal Year 2020

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

October 2020



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CPA, CFE, CIDA,
First Assistant State Auditor

October 1, 2020

Members of the Legislative Audit Committee:

Thank you for your leadership during this unique time. I am pleased to provide you with the State Auditor's Office (Office) fiscal year 2020 annual report. This report summarizes all audit work and other activities that the Office performed during fiscal year 2020, pursuant to Texas Government Code, Chapter 321.

This annual report reflects the professionalism, dedication, flexibility, 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, including new responsibilities enacted by the 86th Legislature. The Office completed a large portion of this work in a telework environment. Highlights from the annual report include:

- Audit and Review released 45 reports. Those reports addressed risk across various topics and General Appropriations Act articles. A total of sixteen reports were statutorily required and three of those reports address mandates enacted by the 86th Legislature. The Office issued all of the reports by applicable statutory deadlines and is on track to release an additional report by its upcoming statutory deadline.
- The Office rated 141 audit findings. The majority of those findings (81 percent) were rated Low or Medium.
- The State Classification Team released seven reports, updated four additional resources, and maintained several online systems.
- Professional Development offered 92 courses covering a variety of topics for federal, state, and local government entities and other organizations. All courses, including the SAO annual conference, have been conducted virtually during the last several months.
- 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 continued to obtain and 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) 936-9500 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

Robert E. Johnson Building
1501 N. Congress Avenue
Austin, Texas 78701

P.O. Box 12067
Austin, Texas 78711-2067

Phone:
(512) 936-9500

Fax:
(512) 936-9400

Internet:
www.sao.texas.gov





The State Auditor's Office

ANNUAL REPORT FOR FISCAL YEAR 2020

Overview

The State Auditor's Office *Annual Report* highlights audit work and other activities our office performed during fiscal year 2020. 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.

Each report number is hyperlinked to the full report on the State Auditor's Office's website: <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 judgment 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 the 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 2020





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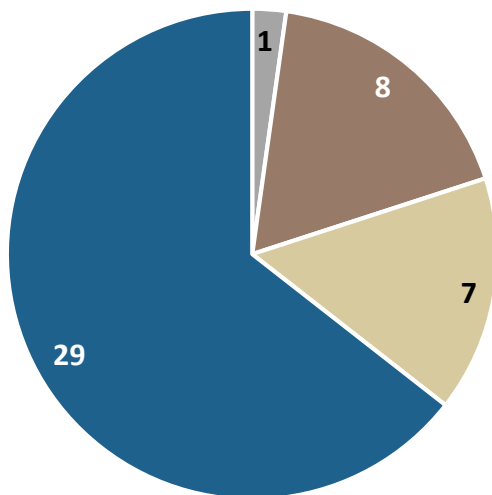
Audit and Review

The Audit and Review Team completed 45 reports from audits and other projects related to state agencies, higher education institutions, and other entities in fiscal year 2020. Sixteen of those reports were required by statute or the General Appropriations Act, including three that addressed mandates passed by the 86th Legislature. 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 and non-state entities. Each report number is hyperlinked to the full report on the State Auditor's Office's website. See the figures below for report information regarding the project type and article(s) addressed.

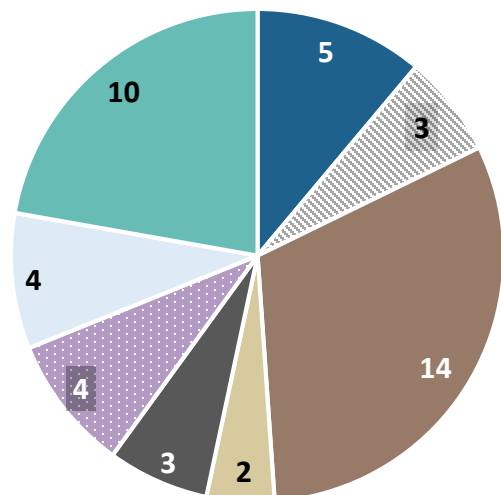
Reports by Type



Legend for Reports by Type:

- Federal Compliance (Gray)
- Non-audit (Yellow)
- Financial Opinion (Brown)
- Performance (Blue)

Reports by Article



Legend for Reports by Article:


- I (Blue)
- II (Hatched)
- III (Brown)
- IV (Light Blue)
- V (Purple)
- VI (Yellow)
- VII (Dark Gray)
- VIII (Dotted)
- Cross-cutting (Teal)





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Audit and Review

Report Title	Report Number	Release Date	Report Ratings
Article I: General Government			
An Audit Report on Deferred Maintenance Projects at the Texas Facilities Commission	20-042	08/31/2020	● ● ● ●
A Report on the Audit of the Employees Retirement System's Employer Pension and Other Post-employment Benefit Schedules for Fiscal Year 2019	20-034	06/16/2020	
An Audit Report on Financial Processes at the Department of Information Resources	20-029	04/23/2020	● ● ● ●
A Report on the Audit of the Employees Retirement System's Fiscal Year 2019 Financial Statements	20-017	01/13/2020	
An Audit Report on Performance Measures at the Texas Emergency Services Retirement System 	20-001	10/04/2019	

Article II: Health and Human Services



A Report on Health and Human Services Commission Contracts	20-026	03/23/2020	
An Audit Report on Manufactured Foods Program Inspection Processes at the Department of State Health Services	20-021	01/17/2020	● ● ● ●
An Audit Report on the Health and Human Services Commission's Use of Remedies in Managed Care Contracts	20-008	11/01/2019	● ● ● ●

 Indicates a report required by statute or the General Appropriations Act (86th Legislature).





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Report Title	Report Number	Release Date	Report Ratings
Article III: Education			
An Audit Report on Selected State Entities' Compliance with Benefits Proportional Requirements 	20-039	08/21/2020	● ● ● ●
Entities included:			
<ul style="list-style-type: none"> University of North Texas at Dallas University of North Texas Health Science Center at Fort Worth 			
An Audit Report on Contracting Processes at the Texas State University System	20-037	07/30/2020	● ● ● ●
An Audit Report on Financial Management Processes at the Higher Education Coordinating Board	20-035	06/29/2020	● ● ● ●
A Report on the Audit of the Teacher Retirement System's Fiscal Year 2019 Employer Pension and Other Post Employment Benefit Liability Allocation Schedules	20-033	06/12/2020	
An Audit Report on Financial Processes at Midwestern State University	20-025	03/10/2020	● ● ● ●
An Audit Report on Financial Processes at Texas Woman's University	20-023	01/29/2020	● ● ● ●
An Audit Report on Certification of the Permanent School Fund's Bond Guarantee Program for Fiscal Year 2019 	20-022	01/24/2020	
An Audit Report on Contracting at the University of Houston	20-020	01/15/2020	● ● ● ●
A Report on the Audit of the Permanent School Fund's Fiscal Year 2019 Financial Statements	20-018	12/31/2019	
Entities included:			
<ul style="list-style-type: none"> General Land Office Texas Education Agency 			






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

An Audit Report on Public Assistance Disaster Grants Related to Hurricane Harvey	20-019	12/30/2019	<div><div></div><div></div><div></div><div></div></div>
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(This audit addressed the Texas Division of Emergency Management, which was transferred to the Texas A&M University System from the Department of Public Safety effective September 1, 2019.)


An Audit Report on Selected State Entities' Compliance with Benefits Proportional Requirements 	20-015	12/17/2019	<div><div></div><div></div><div></div><div></div></div>
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Entities included:

- Stephen F. Austin State University
- Texas A&M University-Kingsville

An Audit Report on the Texas A&M Engineering Extension Service	20-013	12/16/2019	<div><div></div><div></div><div></div><div></div></div>
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A Report on the Audit of the Teacher Retirement System's Fiscal Year 2019 Financial Statements	20-011	12/09/2019	
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An Audit Report on Texas State University's Compliance with Historically Underutilized Business and State Use Program Requirements 	20-003	10/07/2019	<div><div></div><div></div><div></div><div></div></div>
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Article VI: Natural Resources

An Audit Report on the Dam Safety Program at the Commission on Environmental Quality	20-036	07/13/2020	<div><div></div><div></div><div></div><div></div></div>
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An Audit Report on Hurricane Harvey Disaster Recovery Funds Administered by the General Land Office	20-006	10/25/2019	<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 VII: Business and Economic Development

An Audit Report on Contract Change Management at the Department of Transportation	20-027	03/26/2020	● ● ● ●
A Report on the Audit of the Department of Housing and Community Affairs' Fiscal Year 2019 Financial Statements	20-016	12/31/2019	
An Audit Report on Regulatory Activities at the Manufactured Housing Division	20-002	10/04/2019	● ● ● ●

Article VIII: Regulatory

An Audit Report on Licensing and Enforcement at the Board of Chiropractic Examiners	20-041	08/28/2020	● ● ● ●
An Audit Report on Cybersecurity at the Texas Medical Board	20-031	05/29/2020	● ● ● ●
An Audit Report on Performance Measures at the Office of Public Insurance Counsel 	20-009	11/21/2019	
An Audit Report on the Ombudsman Program at the Office of Injured Employee Counsel	20-004	10/10/2019	● ● ● ●






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


An Audit Report on Selected Major Agreements Under the Texas Economic Development Act  [20-038](#) 08/17/2020 ● ● ● ●

Entities included:

- Brazosport Independent School District
- Canyon Independent School District
- Iraan-Sheffield Independent School District

An Audit Report on Texas Children's Health Plan, a Managed Care Organization  [20-032](#) 06/11/2020 ● ● ● ●

A Summary of Financial and Performance Reports Submitted by Regional Planning Commissions  [20-012](#) 12/16/2019
(see the report for the regional planning commissions included)

An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors  [20-007](#) 10/30/2019 ● ● ● ●

Entities included:

- Beacon of Hope Foster Care and Adoption Agency
- Sheltering Harbour
- Silver Lining Residential, LLC
- South Bay Bright Future, Inc.
- Texas Baptist Home for Children

Cross-cutting

An Audit Report on Incentive Compensation at the Permanent School Fund, General Land Office, Teacher Retirement System, and Employees Retirement System [20-040](#) 08/24/2020 ● ● ● ●

Best Practices Guide: Applying for an Occupational License After Conviction or Deferred Adjudication   [20-327](#) 08/14/2020

 Indicates a report required by legislation enacted by the 86th Legislature.





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

A Report on the Implementation Status of Prior State Auditor's Office Recommendations  [20-030](#) 04/27/2020

Implementation status verified for:

- Alcoholic Beverage Commission
- Department of State Health Services
- Texas Facilities Commission
- Department of Agriculture
- Department of Transportation
- Department of Public Safety
- Parks and Wildlife Department

A Report on Contract Monitoring Assessment at Certain State Agencies   [20-028](#) 04/15/2020
(see the report for the 25 agencies and higher education institutions included)

A Report on the Delegation of Authority to State Entities to Contract for External Audit Services  [20-024](#) 03/03/2020
(see the report for the state entities included)

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2019 [20-555](#) 02/28/2020

Entities' financial accounts audited:

- Health and Human Services Commission
- Texas Workforce Commission
- Office of the Comptroller of Public Accounts
- Texas Education Agency

State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2019 [20-317](#) 02/28/2020

Entities audited:

- Department of Agriculture
- Department of Public Safety
- Department of State Health Services
- Office of the Attorney General
- Texas Education Agency
- Department of Family and Protective Services
- Department of Transportation
- Office of the Governor
- Texas Higher Education Coordinating Board
- Department of Housing and Community Affairs
- Health and Human Services Commission
- Parks and Wildlife Department
- Texas Workforce Commission







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

A Report on the State Auditor's Office's Methodology for Examining the Investigation and Prosecution Processes for Reported Sexual Assaults in Texas  

[20-014](#)

12/16/2019

A Report on Analysis of Quality Assurance Team Projects 

[20-010](#)

11/22/2019

Entities included:

- Department of State Health Services
- Health and Human Services Commission
- Department of Insurance
- Department of Motor Vehicles
- Texas Workforce Commission

An Audit Report on Child Care Services for Children in Protective Services at the Texas Workforce Commission and the Department of Family and Protective Services

[20-005](#)

10/15/2019





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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 2020, the State Classification Team released seven reports and revised four additional resources, which are listed on the following pages. Each report number is hyperlinked to the full report on the State Auditor's Office's website. See the figure below for information regarding the use of resources available on the State Classification Team website.

Top Classification Resource Website Visits by Category

1.6 Million Visits

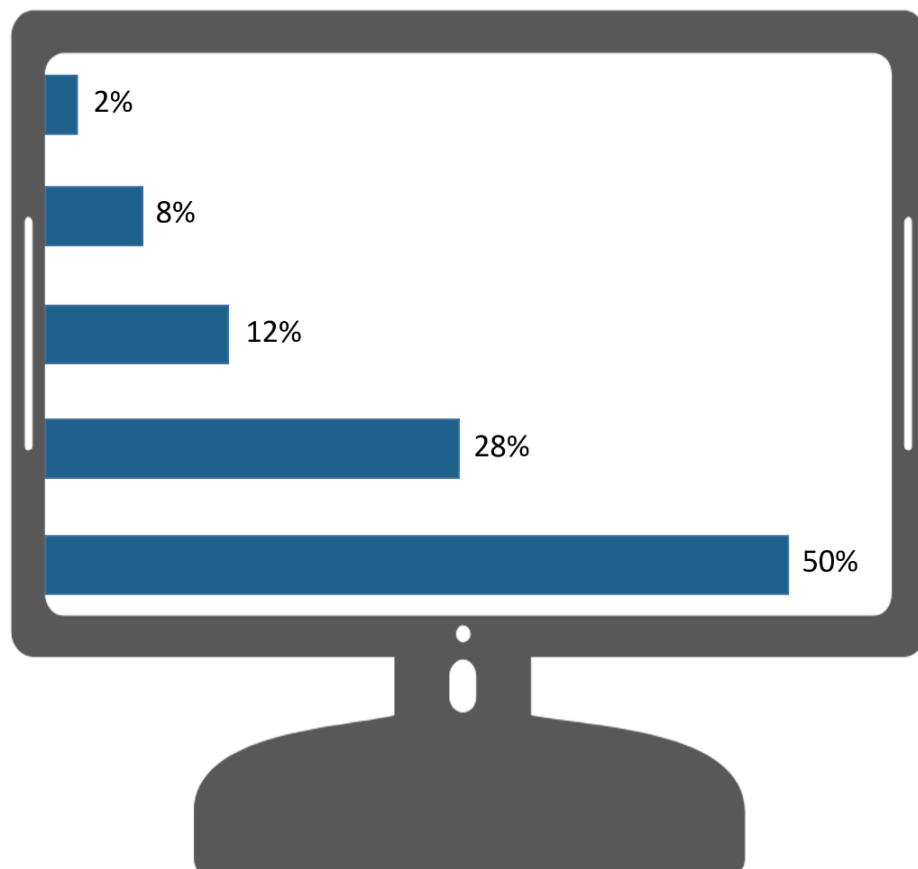
Workforce Analysis:
30,125

**Reports /
HR Statutes Inventory:**
130,372

Online Systems:
196,891

**Job Descriptions/
Military Crosswalk:**
459,298

**Guidance/
Holiday Schedule:**
800,684



State Classification Team website: <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 	20-706	08/31/2020	
A Report on State Employee Benefits as a Percentage of Total Compensation	20-705	07/14/2020	
A Report on Salary Supplements at Public Higher Education Institutions and State Agencies 	20-704	04/30/2020	
An Annual Report on Classified Employee Turnover for Fiscal Year 2019 	20-703	03/25/2020	
A Summary Report on Full-time Equivalent State Employees for Fiscal Year 2019 	20-702	01/28/2020	
A Classification Compliance Audit Report on Information Technology Positions at Business and Economic Development Agencies 	20-701	01/28/2020	
Entities included: <ul style="list-style-type: none"> Department of Housing and Community Affairs Department of Motor Vehicles Texas Lottery Commission Department of Transportation Texas Workforce Commission 			
Texas Human Resources Management Statutes Inventory for the 2020-2021 Biennium	20-303	09/26/2019	





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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.

FTE Employees

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

Position Classification Plan

- [Job Classification Review Guide](#)
The Job Classification Review Guide is designed to assist agencies in determining when to review jobs for compliance with the State's Position Classification Plan and how to conduct a job analysis.⁴





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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 employee-related 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](#)

To help reduce turnover, state agencies are required to provide employees who voluntarily leave state employment with an opportunity to complete an exit survey.⁵ 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 website: <http://sao.fraud.texas.gov>

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





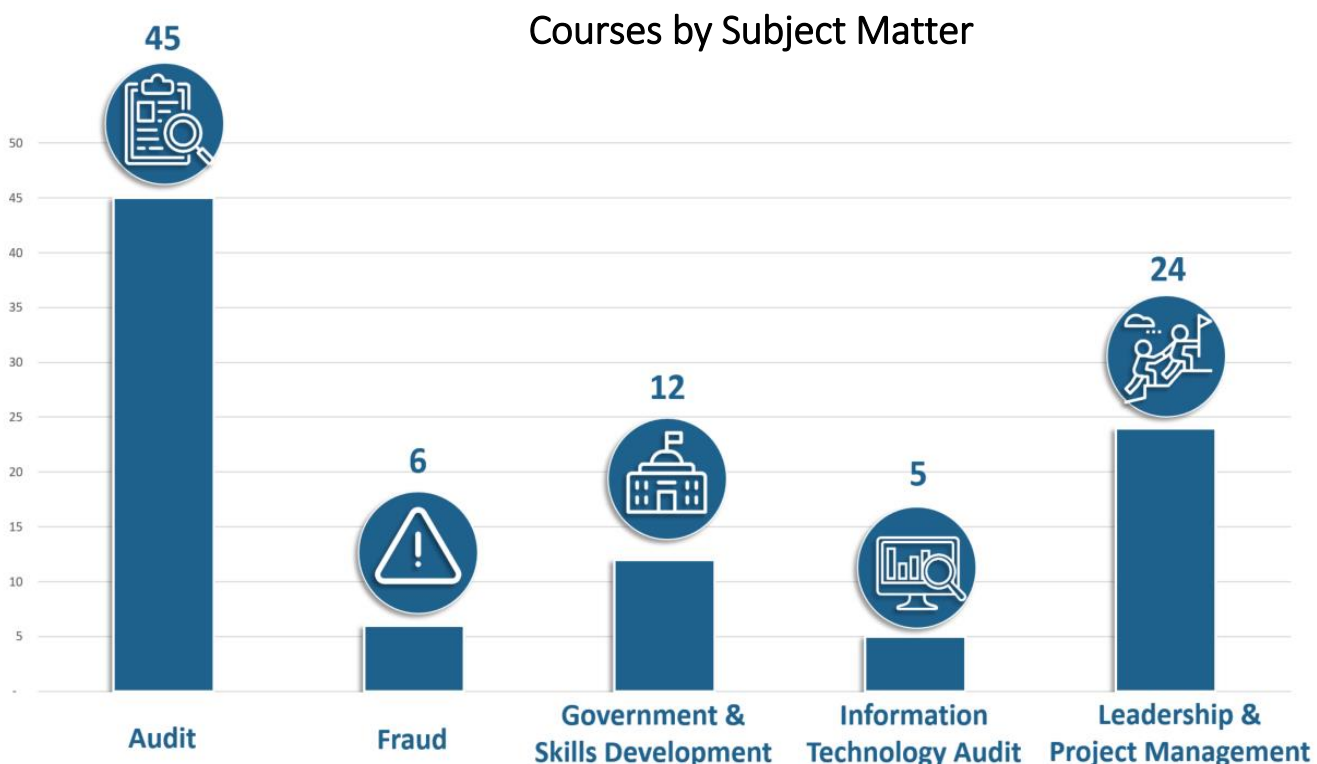
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Professional Development

The Professional Development Team coordinates and provides continuing professional education (CPE) opportunities for auditors, accountants, managers, investigators, and other professional staff. During fiscal year 2020:

- 92 courses were held.
- 1,842 public and private sector employees attended the training courses.
- Employees of 84 federal, state, and local government entities and other organizations received training.
- 13,041 CPE hours were earned through courses open to external participants.

All courses, including the SAO annual conference, were successfully modified to a virtual format for the remainder of the fiscal year as a result of the pandemic. See the figure below for information regarding the course subject matter.





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Professional Development

Courses Offered by Professional Development Internal and External Courses

13 Ground Rules for Being a Sought-after Team Member	Fundamentals of Auditing Process Automation
A Practical Approach for Ensuring IPE (Information Provided by Entity) Requirements and Data Integrity	How Auditors Can Use Access to Combine, Link and Query Data
Advanced Technical Writing (Offered Twice)	Increasing Employee Engagement to Build a Stronger Team
Audit Report Writing Boot Camp	Intermediate/Advanced Excel Features Beneficial for Auditors and Accountants
Auditing a Cybersecurity Program	Interviewing Skills for Auditors
Auditing Business Application Systems	IT Auditing and Controls
Auditor-in-Charge Skills Development	Leading Multiple Generations
Coaching Staff to the Right Solution	Leading Teams: Auditing as a Team Sport
Communication Skills for Audit Leaders	Leveraging Data Analytics to Fight Fraud
Communication Style Flexing	Managing Fraud Risks in Government Procurement and Contracting
Contract and Procurement Fraud	Mastering Microsoft Word - Intermediate/Advanced Skills Used in Audit Reports and Large Documents
Creating a Problem Solving Mindset	Motivating Team Members: A Discussion for Emerging Leaders
Critical Thinking 2.0: Taking it to the Next Level	New Auditor Tools and Techniques
Detecting Fraud Using Data Analysis	Project Management Essentials
Effective Contract Auditing	Reinventing Your Leadership Effectiveness: How to Develop Greater Influence and Drive Improved Performance
Effective Email Communication: Making Sure You Are Sending the Right Message	Resilience: What We Know
Effective Risk-Based Audit Planning and Executions	Root Cause Mastery
Essentials to Building Trust and Cooperation	Successful Audit Data Analytics
Ethics and Harassment: Don't Become the Next News Story	Understanding Your Productivity Style for Improved Focus
Financial Statement Fraud Analysis and Forensic Accounting	Using Excel PivotTables, Power Pivot and Power Query to Analyze Data (Offered Twice)
Forensic Document Examination and Fraud Detection	
Fundamental IT Auditing Concepts and IT Security	





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Courses Offered by Professional Development Internal Only Courses

Arbutus Basic Training (Offered Four Times)	Neuro-Leadership and Unconscious Bias Training
Basic Research for Auditors	New Auditor Training - multiple courses
Best Practices for Report Referencing	Office Hazards – Identifying and Learning Best Practices of Responding and Diffusing Critical Situations in the Workplace
Communication Essentials for Project Managers	Perfecting the Elements of a Workpaper (Improving Your Writing)
Data Analysis Best Practices for Project Managers	Records Management, Open Records and Confidential Information
Data Reliability: A Case Study	The Art of Managing Conflict as Project Manager
Diversity/Equity/Inclusion (DEI) + Leadership Workshop + Communication Dilemmas for Project Managers (Offered Twice)	Understanding Program Processes
DEI: How Unconscious Bias Impacts Our Performance	Understanding the Evaluation Process and Its Role in Effective and Efficient Projects
DEI: Unconscious Bias Session 2 (Offered Four Times)	Understanding the Formation and Life Cycle of the Audit Program
DEI 3: Communicating with Emotional and Social Intelligence	Words Matter: Understanding the Nuances that May Change the Meaning of the Message
Developing Graphics	Writing Effective and Concise Conclusions
Effectively Using Excel to Analyze Data and Document Audit Work	
Essentials of Project Management	
Navigating Your Career	





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Other Professional Development Activities

Audit Conference

The State Auditor's Office hosted the 2020 Audit Conference virtually in August 2020. A total of 158 state and local government auditors attended the 2-day conference, which featured sessions focused on audit essentials, current events impacting audit, information technology audits, and fraud.

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.

Thirty-five participants completed the first week of 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. The remaining two weeks of the program were rescheduled for fiscal year 2021 and will be held virtually.

Other Instruction

Professional Development instructed the following courses for other organizations, including various state agencies and the Executive Women in Texas Government Conference:

- Adding Connection, Networking and Mentoring to an "Abundant Life"
- Communication Style Flexing
- Productivity Style Coaching
- Project Management Essentials
- Understanding Your Productivity Style





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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.⁶
- Monitored an external auditor's performance of a segment of the federal compliance portion of the Statewide Single Audit.⁷

Committees and Work Groups

- Participated in Contract Advisory Team activities as a technical advisor in a non-decision making role.⁸
- Participated in Quality Assurance Team activities in a non-decision making, advisory role.⁹
- Participated on the Records Management Interagency Coordinating Council as a nonvoting member.¹⁰





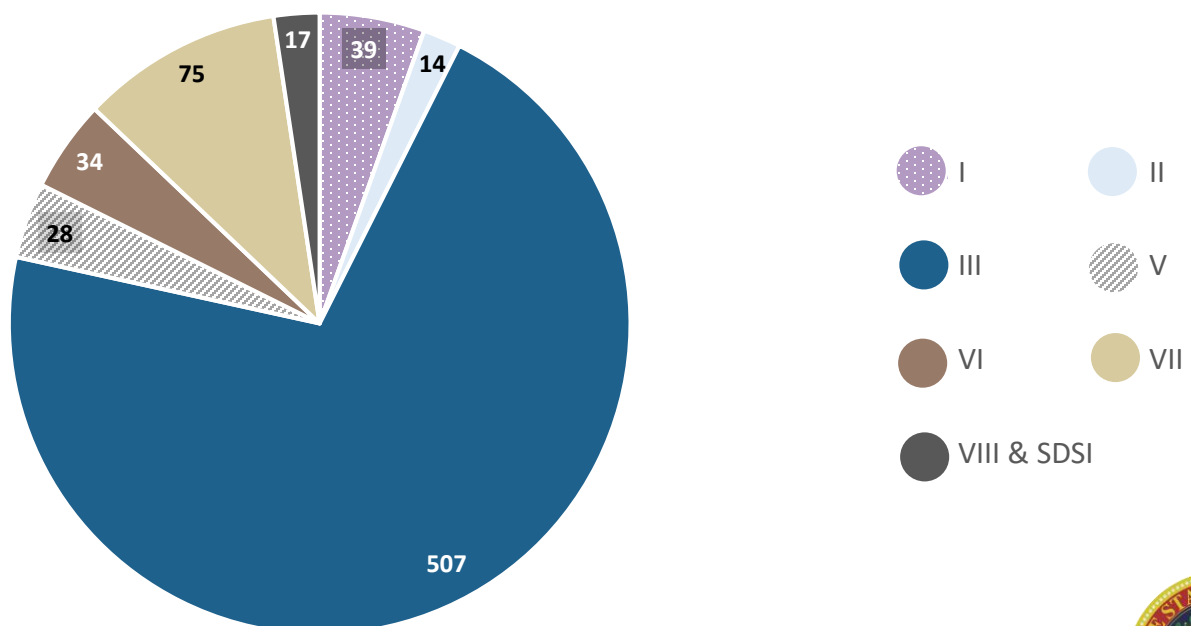
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Other Activities (continued)

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 websites pursuant to the Texas Internal Auditing Act and reviewed internal audit reports submitted during the year.¹¹ *(See the figure below for additional information on the 714 periodic internal audit reports the State Auditor's Office received during fiscal year 2020.)*
- 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.¹²
- Reviewed internal audit reports from higher education institutions regarding the higher education institutions' compliance with contracting requirements in Texas Education Code, Section 51.9337.¹³

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.¹⁴
- Reviewed reports from the Health and Human Services Commission's Office of Inspector General and Office of Independent Ombudsman for State Supported Living Centers.¹⁵
- Reviewed tax settlement information provided by the Office of the Comptroller of Public Accounts.¹⁶

Testimony and Presentations

- Testified, served as a resource, and/or provided briefings on State Auditor's Office work for committees, subcommittees, and legislators of the Senate and the House of Representatives.¹⁷
- Prepared materials in response to the Speaker of the House of Representatives' interim charge regarding the State Auditor's review of agencies and programs.
- State Auditor's Office personnel gave three presentations to the following entities on various audit-related topics, including common contract audit issues:
 - National Legislative Program Evaluation Society.
 - State Agency Coordinating Committee's Purchasing Subcommittee.
 - The University of Texas at Austin.





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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. Ms. Collier is currently the chair of the executive committee.
- 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. Ms. Collier is currently the vice-chair of the 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.
- The National Association of State Auditors, Comptrollers and Treasurers (NASACT) Committee on Accounting, Reporting and Auditing, which discusses accounting, financial reporting, auditing, and other matters related to the financial management of government.





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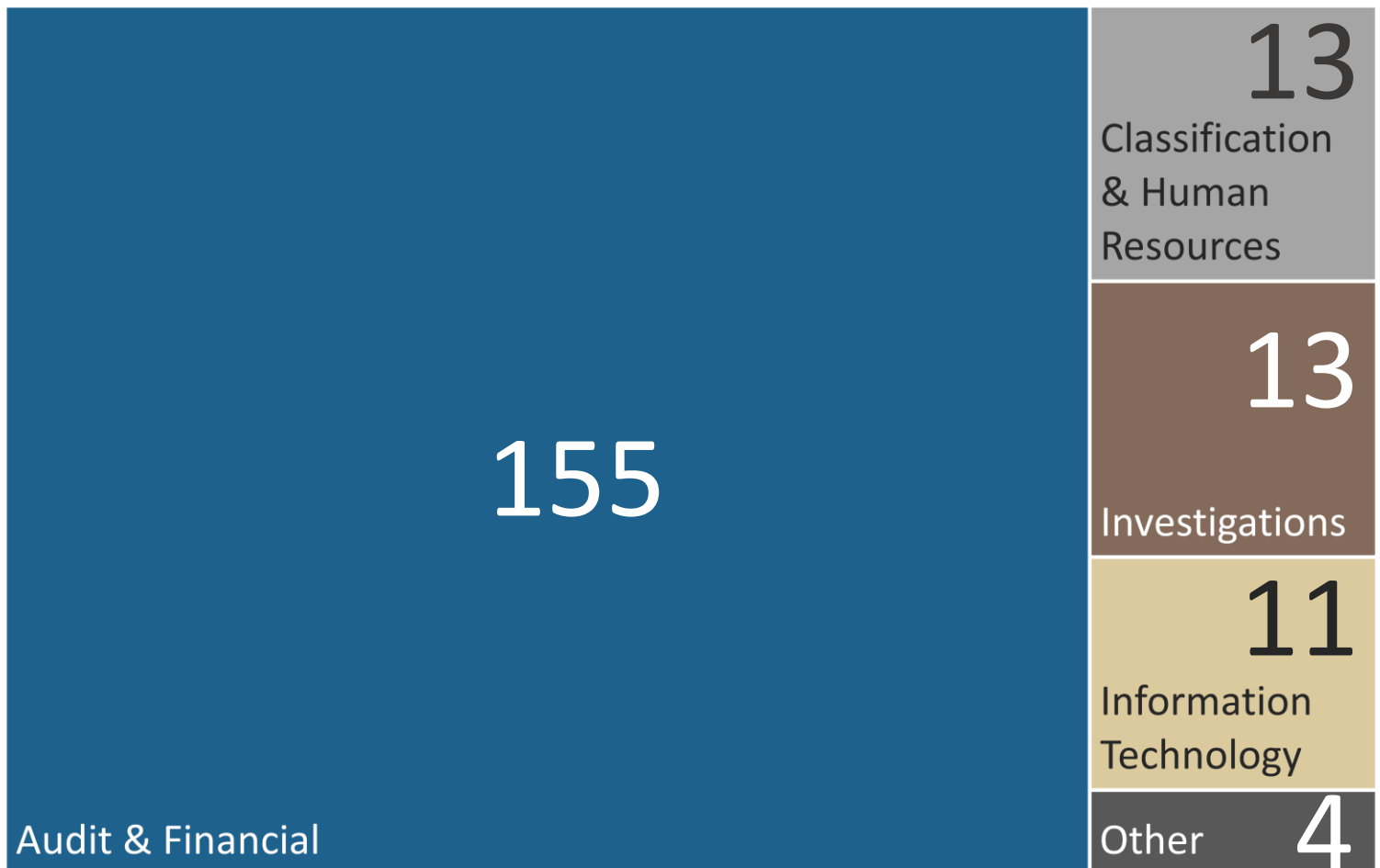
Other Activities (continued)

Certifications

State Auditor's Office personnel hold 196 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





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Other Activities (continued)

Certifications (continued)

Audit and Financial

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 Forensic Accountant
Certified Fraud Examiner (45)
Certified Government Auditing Professional (25)
Certified Government Financial Manager (2)
Certified Information Systems Auditor (11)
Certified Information Technology Professional
Certified Internal Auditor (18)
Certified Internal Controls Auditor (3)
Certified Investments and Derivatives Auditor (4)
Certified Public Accountant (39)
Chartered Professional Accountant

Classification and Human Resources

Certified Compensation Professional (2)
Professional in Human Resources (5)
SHRM Certified Professional (6)

Information Technology

CompTIA A+ (2)
CompTIA Network+
CompTIA Security+
Microsoft Certified IT Professional
Microsoft Certified Professional
Microsoft Certified Solutions Associate
Microsoft Certified Solutions Expert
Microsoft Certified Systems Administrator
Microsoft Certified Systems Engineer
SAS Certified Base Programmer for SAS 9

Investigations

Cellebrite Advanced Smartphone Analyst
Cellebrite Certified Operator
Cellebrite Certified Physical Analyst
Certified Electronic Evidence Collection Specialist
Certified Forensic Computer Examiner
Certified Forensic Interviewer
Certified Fraud Examiner (6)
Certified Intella Examiner

Other

Certified Records Manager
Digital Archives Specialist
Licensed by the State Bar of Texas (2)





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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 651.007.

⁶ Texas Government Code, Section 321.020.

⁷ Title 31, United States Code, Section 7502.

⁸ Texas Government Code, Section 2262.102.

⁹ Texas Government Code, Section 2054.158.

¹⁰ Texas Government Code, Section 441.203.

¹¹ Texas Internal Auditing Act (Texas Government Code, Sections 2102.009, 2102.0091, and 2102.015).

¹² Texas Internal Auditing Act (Texas Government Code, Sections 2102.013 and 2102.014).

¹³ Texas Education Code, Section 51.9337.

¹⁴ Texas Government Code, Section 321.014.

¹⁵ Texas Health and Safety Code, Sections 552.102, 552.103, 555.059, 555.102, and 555.103.

¹⁶ Texas Government Code, Section 321.0138.

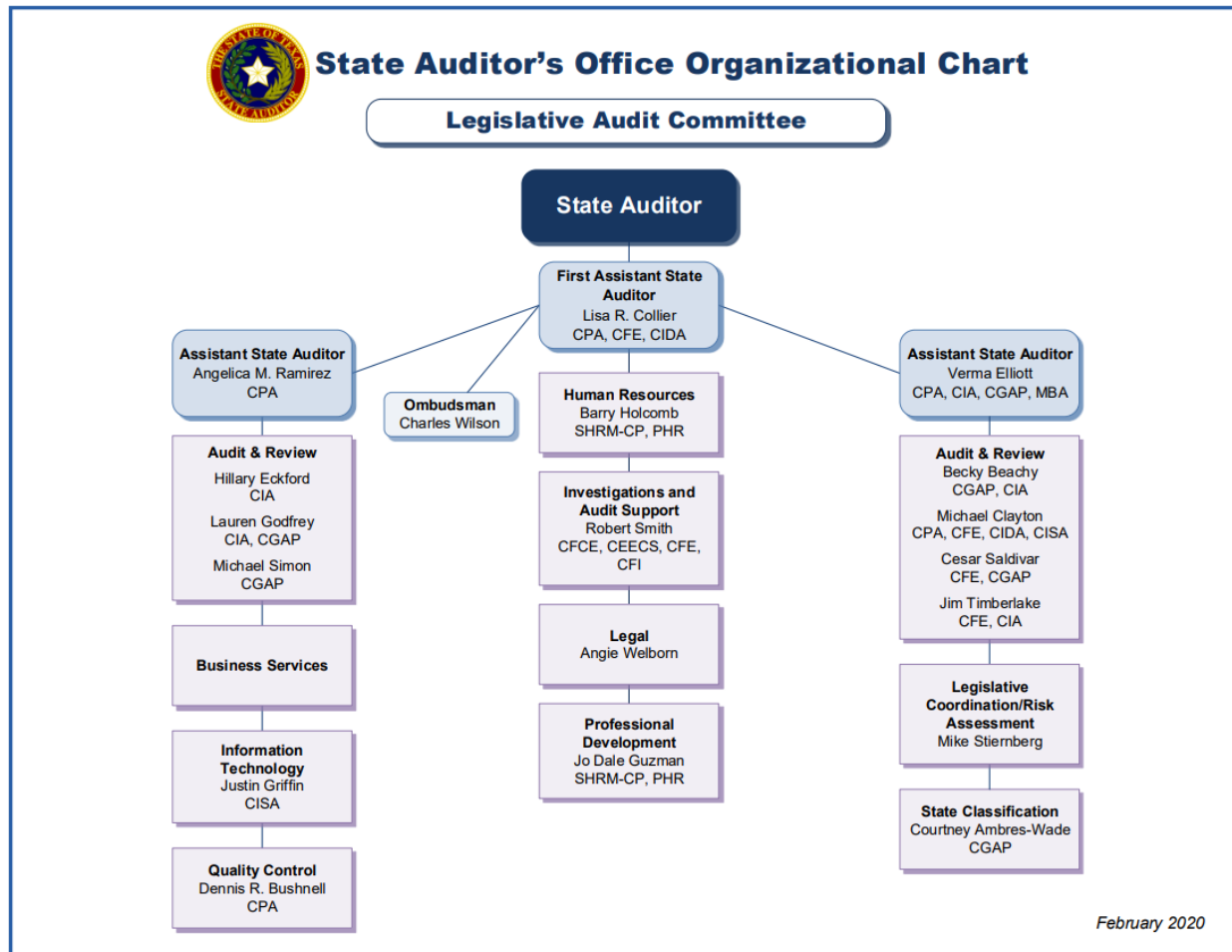
¹⁷ Texas Government Code, Section 301.028.





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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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