



The State Auditor's Office

# Annual Report

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**Fiscal Year 2024**

*Lisa R. Collier, CPA, CFE, CIDA*  
State Auditor



# Annual Report for Fiscal Year 2024

- The Audit and Review Team and the State Classification Team released 28 reports and rated 55 findings.
- The Professional Development Team provided 116 training courses internally and/or to state and local government entities and other organizations.

**Lisa R. Collier, CPA, CFE, CIDA**  
State Auditor

The State Auditor's Office (SAO) annual report highlights audit work and other activities our office performed during fiscal year 2024. As the independent auditor for Texas state government, our mission is to actively provide government leaders with useful information that improves accountability.

**Organizational Chart | p. 18**

*This report is designed to provide information on the activities our office performed during the fiscal year in carrying out our annual audit plan, pursuant to Texas Government Code, Chapter 321.*

## Audit and Review

The Audit and Review Team conducts audits and other projects related to state agencies, higher education institutions, and other entities. In fiscal year 2024, the SAO issued 24 reports related to audits and reviews. | p. 2

## Classification

The State Classification Team analyzes state workforce issues and maintains the State's compensation and classification system. In fiscal year 2024, the State Classification Team issued four classification reports and updated four guides and resources. | p. 7

## Investigations

The Investigations Team investigates allegations of illegal acts and improprieties involving any entity that receives funds from the State. | p. 11

## Professional Development

The Professional Development Team coordinates and provides continuing professional education opportunities for auditors, accountants, managers, investigators, and other professional staff. | p. 12

## Other Activities

The SAO conducts other work authorized or required by statute and provisions of the General Appropriations Act. This includes participating in workgroups and committees, performing research, reviewing and monitoring agency activities, and other actions. | p. 13

For more information about this report, contact Angie Welborn, Chief of Staff, or Lisa Collier, State Auditor, at 512-936-9500.



# Audit and Review

**24**  
Audits

**55**  
Findings Rated

**124**  
Agencies & Entities

The State Auditor’s Office (SAO) is the independent auditor for Texas state government. The SAO is authorized by Chapter 321 of the Texas Government Code to perform audits, reviews, and investigations of any entity receiving state funds, including state agencies and higher education institutions. Audits are performed in accordance with generally accepted government auditing standards, which include standards issued by the American Institute of Certified Public Accountants.

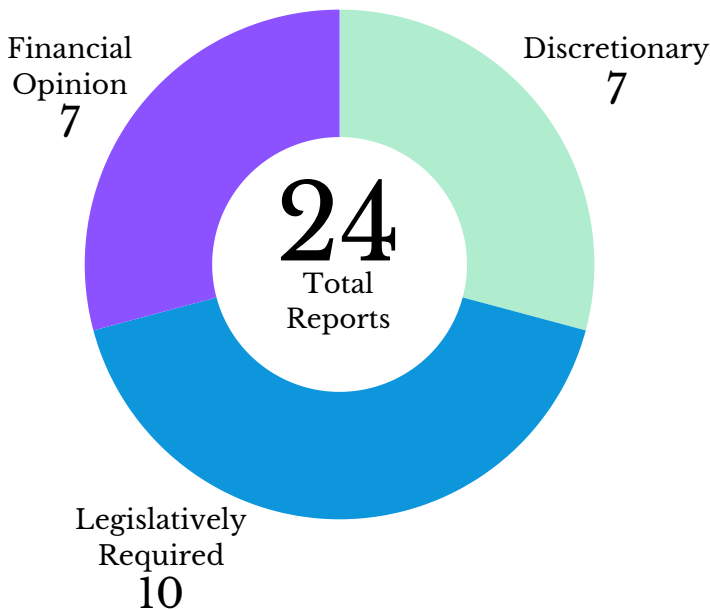
In fiscal year 2024, the Audit and Review Team conducted 24 audits and rated 55 audit findings.

The types of projects performed by the Audit and Review Team included:

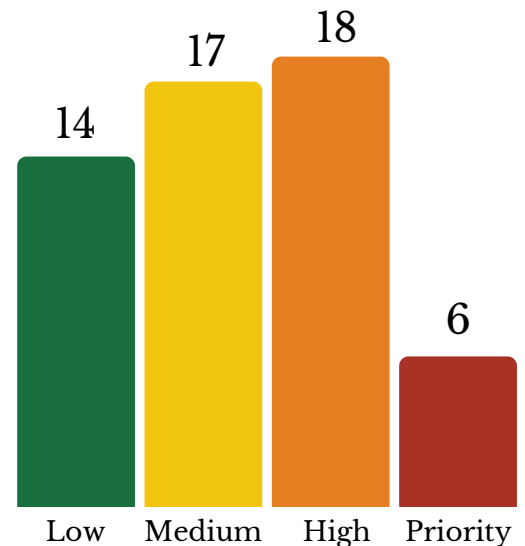
- Legislatively Required Audits
- Financial Opinion Audits
- Discretionary Audits

Those reports of these audits are listed beginning on the following pages. Each report number is hyperlinked to the full report on the State Auditor’s Office’s website. The figures below provide information regarding the audit types and audit findings rated.

## Audits by Type



## Ratings Issued



# Legislatively Required Audits

Each year the State Auditor’s Office is required by state law to conduct certain audits. In fiscal year 2024, the State Auditor’s Office issued the following reports as required by law.

The level and number of issue ratings are reflected by the circles below.



● Low ● Medium ● High ● Priority

The ⊙ symbol indicates no issues were rated in that rating category.

Report Title	Reference	Report Number	Release Date	Report Ratings
An Actuarial Analysis of the Health and Human Services Commission’s Fiscal Year 2024 Medicaid Managed Care Rates	Rider 5, page X-7, General Appropriations Act (87th Legislature) Rider 5, page X-6, General Appropriations Act (88th Legislature)	<a href="#">24-001</a>	9/1/2023	⊙ ⊙ ⊙ ⊙
An Audit Report on the Implementation Status of Recommendations from a Prior Audit of the Health and Human Services Commission’s Medicaid Managed Care Rate-setting Process	Rider 5, page X-6, General Appropriations Act (88th Legislature)	<a href="#">24-003</a>	10/24/2023	⊙ ⊙ ⊙ ⊙
An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors	Government Code, Section 2155.1442	<a href="#">24-004</a>	10/31/2023	⊙ ● ● ● ● ● ● ● ●
An Audit Report on Certification of the Permanent School Fund’s Bond Guarantee Program for Fiscal Year 2023	Education Code, Sections 45.053 and 45.0531	<a href="#">24-011</a>	1/30/2024	⊙ ⊙ ⊙ ⊙
A Report on Contract Monitoring Assessment at Certain State Agencies	Texas Government Code, Section 2261.258	<a href="#">24-013</a>	4/1/2024	⊙ ⊙ ⊙ ⊙
An Audit Report on Lamar State College Port Arthur’s Compliance with Historically Underutilized Business and State Use Program Requirements	Texas Human Resources Code, Section 122.029 Texas Government Code, Section 2161.123 Article IX, Section 7.07, General Appropriations Act (87th Legislature)	<a href="#">24-016</a>	6/7/2024	● ● ● ● ● ● ● ●
A Comprehensive Forensic Audit at the Texas Civil Commitment Office	Rider 7, Page X-7, General Appropriations Act (88th Legislature)	<a href="#">24-017</a>	7/1/2024	● ● ● ● ● ● ● ● ● ●

# Legislatively Required Audits

## Continued

The level and number of issue ratings are reflected by the circles below.



● Low 
 ● Medium 
 ● High 
 ● Priority

The symbol indicates no issues were rated in that rating category.

Report Title	Reference	Report Number	Release Date	Report Ratings
An Audit Report on Performance-based Contracts at the Department of Family and Protective Services	Texas Human Resources Code, Section 40.0583	<a href="#">24-018</a>	7/8/2024	
A Report on Agencies', Higher Education Institutions', and Community Colleges' Compliance with Public Funds Investment Act and Rider 5, General Appropriations Act, Reporting Requirements	Texas Government Code, Section 2256.005, Rider 5, pages III-284 through III-285, General Appropriations Act (88th Legislature)	<a href="#">24-020</a>	8/8/2024	
An Audit Report on the Board of Veterinary Medical Examiners	Senate Bill 713 (87th Legislature)	<a href="#">24-022</a>	8/29/2024	

# Financial Opinion Audits

The State Auditor’s Office is authorized, by Texas Government Code, Section 321.013, to conduct financial audits. As part of a financial opinion audit, the State Auditor issues an opinion on whether the audited entity’s financial statements are presented fairly, free of material errors and presented in accordance with generally accepted accounting principles. Some financial opinion audits are required by state or federal law, while others are conducted at the request of the audited entity or at the discretion of the State Auditor’s Office. During fiscal year 2024, the State Auditor’s Office issued the following financial opinion audit reports.



No ratings are assessed in Financial Opinion Reports.


Report Title	Reference	Report Number	Release Date
A Report on the Audit of the Teacher Retirement System's Fiscal Year 2023 Financial Statements		<a href="#">24-006</a>	11/28/2023
A Report on the Audit of the Texas Permanent School Fund Corporation's Fiscal Year 2023 Financial Statements		<a href="#">24-008</a>	1/5/2024
A Report on the Audit of the Department of Housing and Community Affairs' Fiscal Year 2023 Financial Statements	Government Code, Section 2306.074	<a href="#">24-010</a>	12/21/2023
A Report on State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Year Ended August 31, 2023	Title 31, United States Code, Section 7502	<a href="#">24-012</a>	2/23/2024
A Report on the Audit of the Teacher Retirement System’s Fiscal Year 2023 Employer Pension and Other Post Employment Benefit Liability Schedules		<a href="#">24-015</a>	6/10/2024
State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2023	Title 31, United States Code, Section 7502	<a href="#">24-318</a>	2/27/2024
State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2023	Texas Government Code, Section 403.013(c)  Title 31, United States Code, Section 7502	<a href="#">24-555</a>	2/28/2024

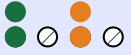
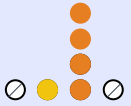




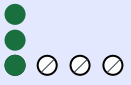
# Discretionary Audits

The State Auditor’s Office is authorized, by Chapter 321, Texas Government Code, to perform audits and reviews of any entity receiving state funds. Audits are selected using an ongoing risk assessment process. With available resources, the State Auditor’s Office was able to conduct the following discretionary audits in Fiscal Year 2024.

The level and number of issue ratings are reflected by the circles below.

**i** ● *Low* ● *Medium* ● *High* ● *Priority*

The  symbol indicates no issues were rated in that rating category.

Report Title	Report Number	Release Date	Report Ratings
An Audit Report on the Behavioral Health Executive Council	<a href="#">24-002</a>	10/25/2023	
An Audit of Confidential Data Management at the Employees Retirement System	<a href="#">24-005</a>	11/3/2023	
An Audit Report on Licensing and Enforcement at the Texas State Board of Dental Examiners	<a href="#">24-007</a>	12/8/2023	
An Audit Report on the School for the Blind and Visually Impaired	<a href="#">24-009</a>	12/19/2023	
An Audit Report on the Guardianship Program at the Office of Court Administration	<a href="#">24-014</a>	5/21/2024	
An Audit Report on the Horse Industry Escrow Account at the Texas Racing Commission	<a href="#">24-019</a>	7/18/2024	
An Audit Report on Incentive Compensation at the Permanent School Fund Corporation, Teacher Retirement System, and Employees Retirement System	<a href="#">24-021</a>	8/21/2024	



# Classification

# 4

Reports

# 4

Guides and Resources

# 3

Self-Paced Learning Modules

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 offices; and provides information on employee compensation issues to the Legislature. In fiscal year 2024, the SAO released four Classification reports, revised four guides, and maintained multiple online resources and systems, which are listed on the following pages. Each report number is hyperlinked to the full report on the State Auditor's Office's website.

Classification Team activities are conducted in accordance with Texas Government Code, Sections 651.007, 654.0155, 654.036, 654.0375, 661.151, 661.923, 2052.103, and 2056.0021.



View the State Classification Team website at  
[hr.sao.texas.gov](https://hr.sao.texas.gov)



# Classification Reports



No ratings were assessed in the following Classification Reports.

Report Title	Reference	Report Number	Release Date
Texas Human Resources Management Statutes Inventory		<a href="#">24-303</a>	10/27/2023
A Classification Compliance Review Report on Property Management and Procurement Positions at Selected Article I and Article VIII Agencies	Government Code, Sections 654.036 and 654.038	<a href="#">24-701</a>	1/23/2024
An Annual Report on Classified Employee Turnover for Fiscal Year 2023	Government Code, Sections 651.007 and 654.037	<a href="#">24-702</a>	1/31/2024
A Summary Report on Full-time Equivalent State Employees for Fiscal Year 2023	Government Code, Sections 2052.103 and 2052.104	<a href="#">24-703</a>	2/27/2024

# Classification Resources and Guides

<p>Legislative Workforce Summaries</p>	<p><a href="#">Legislative Workforce Summaries</a></p> <p>The State Classification Team prepares workforce summaries for state agencies and higher education institutions for use by the Legislature during the legislative session. The individual summaries provide information self-reported by the state agency or higher education institution regarding employee turnover, full-time equivalent (FTE) employee trends, salary information, workforce demographics, and general workforce-related observations.</p>
<p>Job Descriptions</p>	<p><a href="#">Job Descriptions for the 2024-2025 Biennium</a>  <a href="#">Job Description Guide</a>  <a href="#">Job Descriptions Self-Paced Learning</a></p> <p>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.</p>
<p>Military Crosswalk</p>	<p><a href="#">Military Crosswalk for the 2023-2024 Biennium</a>  <a href="#">Military Crosswalk Guide</a></p> <p>The military crosswalk is designed to match the Military Occupational Specialty codes from each branch of the U.S. Armed Forces to each job classification series in the State’s Position Classification Plan.</p>
<p>Conversion Manual</p>	<p><a href="#">Conversion Manual</a>  <a href="#">Conversion Manual Guide</a></p> <p>Each biennium, the State Classification Team reviews the State’s Position Classification 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 State’s Position Classification Plan.</p>
<p>Job Classification Review Guide</p>	<p><a href="#">Job Classification Review Guide</a>  <a href="#">Recommended Changes to the State’s Position Classification Plan Self-Paced Learning</a></p> <p>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.</p>
<p>Full-Time Equivalent (FTE) State Employee System</p>	<p><a href="#">FTE System</a>  <a href="#">How to Use the FTE System Self-Paced Learning</a>  <a href="#">FTE System Interactive Dashboard</a></p> <p>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. The FTE System is used for data submission, as well as additional data analysis and reports.</p>

## Classification Resources and Guides (Continued)

### E-Class System

[E-Class System](#)

[How to Use E-Class Self-Paced Learning](#)

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

State agencies are required to provide employees who voluntarily leave employment within their agency an opportunity to complete an exit survey. Each quarter, agencies have access to reports summarizing employees' reasons for leaving. This information can help agencies analyze reasons for employee turnover so they can recommend and/or implement appropriate solutions. 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.



# Investigations

The Investigations Team investigates allegations of illegal acts and improprieties involving any entity that receives funds from the State. Investigation results are reported to law enforcement and prosecution authorities as appropriate. The Investigations Team operates and maintains the fraud hotline for reporting such allegations via an online form, telephone, mail, and previously scheduled in-person meetings. The Investigations Team also provides fraud-related training and presentations.

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



View the Investigations Team website at  
[sao.fraud.texas.gov](https://sao.fraud.texas.gov)



# Professional Development

116

Training Courses

2,117

Attendees

90

Entities Served

The Professional Development Team coordinates and provides continuing professional education (CPE) opportunities for auditors, accountants, managers, investigators, and other professional staff. During fiscal year 2024:

- The Professional Development Team provided 108 training courses, totaling 12,592 CPE hours, to internal and external participants.
- A total of 2,117 public and private sector employees attended the training courses.
- Employees of 90 state and local government entities and other organizations received training.

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 Officer's Academy. Thirty participants attended 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.

Additionally, in August 2024, the State Auditor's Office hosted the 2024 Audit Conference. A total of 244 state and local government auditors attended the two-day conference.

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



# Other Activities

The State Auditor's Office conducts other work authorized or required by general law and by provisions of the General Appropriations Act. This includes participating in various workgroups and committees, performing research, reviewing and monitoring agency activities, and conducting other activities. The following pages list those activities.

## Statutory Activities



### Audit Delegation and External Audit

Conducted activities related to state agencies' and higher education institutions' delegated audit authority.

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



### Committees and Work Groups

Participated in Contract Advisory Team activities as a technical advisor in a non-decision-making, advisory role.

Participated in Quality Assurance Team activities in a non-decision-making, advisory role.

Participated on the Records Management Interagency Coordinating Council as a nonvoting member.

These statutory activities were conducted in accordance with Texas Government Code, Sections 321.020, 441.203, 2054.158, and 2262.102, and Title 31, United States Code, Section 7502.

# Internal Audit Activities



## Notifications

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. Reviewed internal audit reports submitted during the year.

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.



## Review

Reviewed internal audit reports from higher education institutions regarding the higher education institutions' compliance with contracting requirements in Texas Education Code, Section 51.9337.

Internal audit activities were conducted in accordance with Texas Government Code, Sections 2102.009, 2102.0091, 2102.013, 2102.014, 2102.015, and Texas Education Code, Section 51.9337.

# Other Statutory Activities



## 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.

Reviewed tax settlement information provided by the Office of the Comptroller of Public Accounts.



## Presentations

During fiscal year 2024 the State Auditor's Office provided presentations and information on SAO work for the following organizations:

Association of Government Accountants

National Association of State Auditors, Comptrollers and Treasurers

National Legislative Program Evaluation Society

National State Auditor's Association

Teacher Retirement System of Texas

Texas Association of College and University Auditors

Texas Fiscal Officers' Academy

Texas Health and Human Services Commission

Texas Parks and Wildlife Department

Texas Permanent School Fund Corporation

Texas Society of Certified Public Accountants

Texas State Agency Business Administrators' Association

Texas State Auditor's Office Audit Conference



## Testimony and Legislative Assistance

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.

Other statutory activities were conducted in accordance with Texas Government Code, Sections 301.028, 321.014, and 321.0138.



# 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. State Auditor Lisa 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.
- Performance Audit Committee.
- Single Audit Committee.
- 2025 NSAA Annual Meeting Program Committee.

**The National State Auditors Association (NSAA) Peer Review Program**, which helps to ensure that member audit organizations maintain adequacy of and compliance with their systems of quality control and comply with requirements for a routine external peer review.

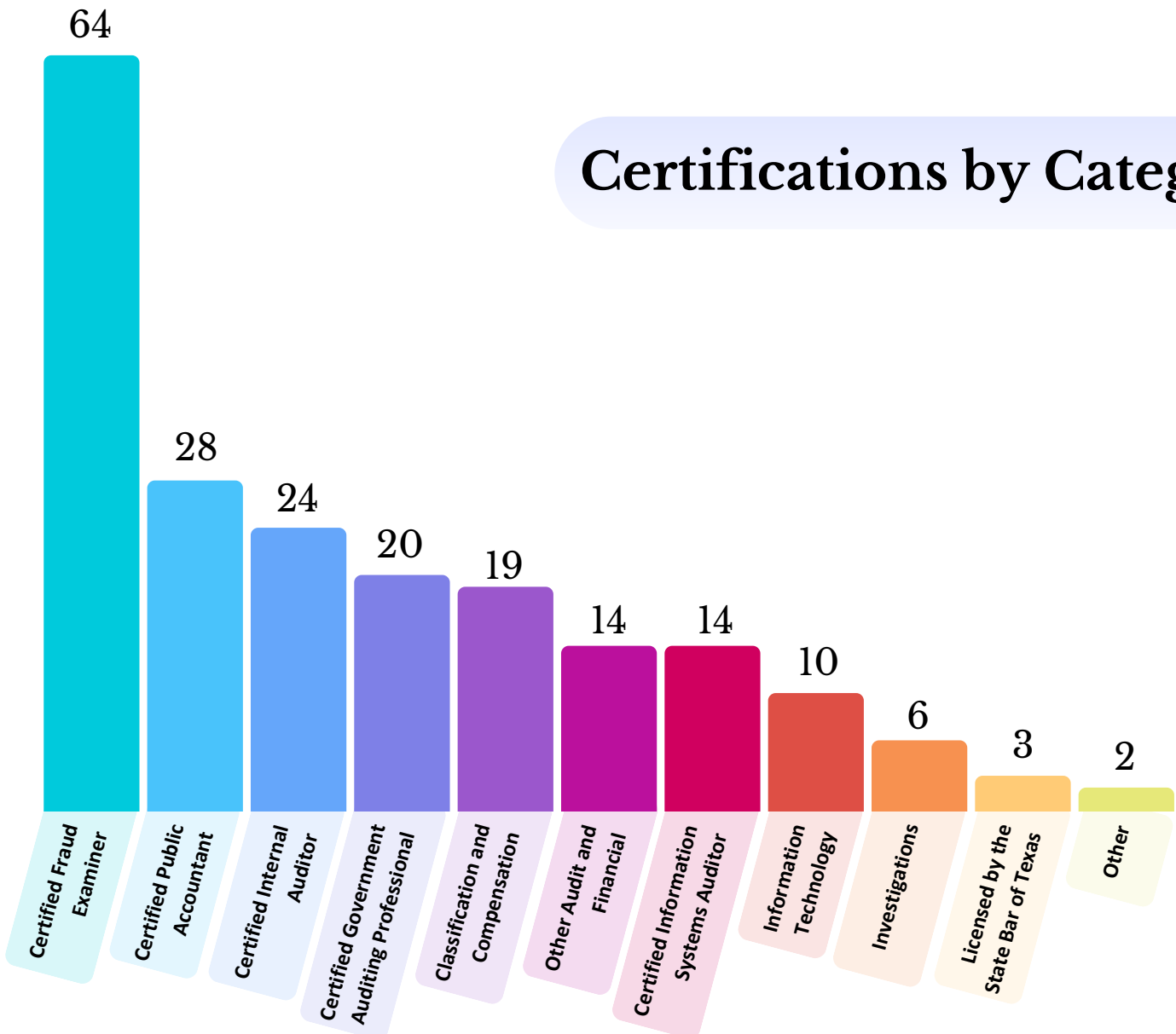
**The National Association of State Auditors, Comptrollers, and Treasurers (NASACT) Committee on Accounting, Reporting, and Auditing**, which discusses accounting, financial reporting, auditing, and other matters related to the financial management of government.



# Certifications

As of September 2024, State Auditor's Office personnel held 204 professional certifications related to audit and financial, classification and human resources, investigations, information technology, and other advanced skills.

The figure below shows the number of certifications held by category.



## Certifications by Category

# Organizational Chart

*Current as of September 2024*



## State Auditor's Office Organizational Chart

### Legislative Audit Committee

**State Auditor**

Lisa R. Collier  
CPA, CFE, CIDA

**Ombudsman**  
Charlotte Carr

**Chief of Staff**  
Angie A. Welborn  
JD, CFE

**Chief Financial Officer  
Financial Audits**  
Angelica M. Ramirez  
CPA

**Assistant State Auditor  
Performance Audits**  
Lauren Godfrey  
CPA, CIA, CGAP

**Assistant State Auditor  
Federal Compliance**  
Jim Timberlake  
CFE, CIA

**Director of Strategy  
and Operations**  
Jo Dale Guzman  
SHRM-CP, PHR

**Human Resources**  
Barry Holcomb  
SHRM-CP, PHR

**General Counsel**  
Cathleen Day  
JD

**Investigations Team**  
Robert Smith  
CFCE, CEECS, CFE, CFI

**Risk Assessment**  
Charles Wilson

**Audit & Review**

Michael Owen Clayton  
CPA, CISA, CFE, CIDA

Jeannette Quinonez Garcia  
CPA

**Administrative  
Support**

**Business Services**

**Audit & Review**

Courtney Ambres-Wade  
CGAP, CFE, CIA

Willie Hicks  
CIA, CGAP

**Professional  
Development**  
Denise Messina

**Audit & Review**

Jennifer D. Brantley  
CPA

Becky Beachy  
CGAP, CIA

Hillary Eckford  
CIA, CFE

**Quality Control**  
Dennis Ray Bushnell  
CPA

**State Classification**

Sharon Schneider  
CCP, PHR, SHRM-CP

**Information  
Technology**  
Justin Griffin  
CISA

**Data Solutions**

**Communications**  
Michael Reagor  
CRM  
Denise Becker

September 2024



# Distribution

Copies of this report have been distributed to the following:

## **88th Legislature**

All members of the 88th Legislature

## **Office of the Governor**

The Honorable Greg Abbott, Governor

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