



The State Auditor's Office

Annual Report

Fiscal Year 2025

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



The State Auditor's Office

Annual Report for Fiscal Year 2025

- The Audit and Review Team and the State Classification Team released 49.
- The Professional Development Team provided 98 training courses internally and/or to state and local government entities and other organizations.

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The State Auditor's Office (SAO) annual report highlights audit work and other activities our office performed during fiscal year 2025. 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. 19

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 2025, the SAO issued 41 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 2025, the State Classification Team issued eight classification reports and updated certain guides and resources. | p. 9

Investigations

The Investigations Team investigates allegations of illegal acts and improprieties involving any entity that receives funds from the State. | p. 12

Professional Development

The Professional Development Team coordinates and provides continuing professional education opportunities for auditors, accountants, managers, investigators, and other professional staff. | p. 13

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. 14

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



Audit and Review

41
Audits

93
Entities Audited

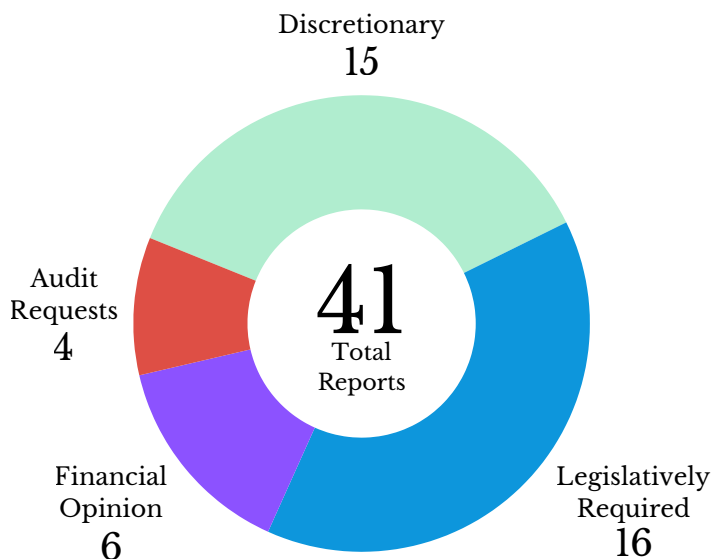
The State Auditor's Office (SAO) is the independent auditor for Texas state government. The SAO is authorized by Chapter 321 of the Texas Government Code to perform audits, reviews, and investigations of any entity receiving state funds, including state agencies and higher education institutions. Audits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

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

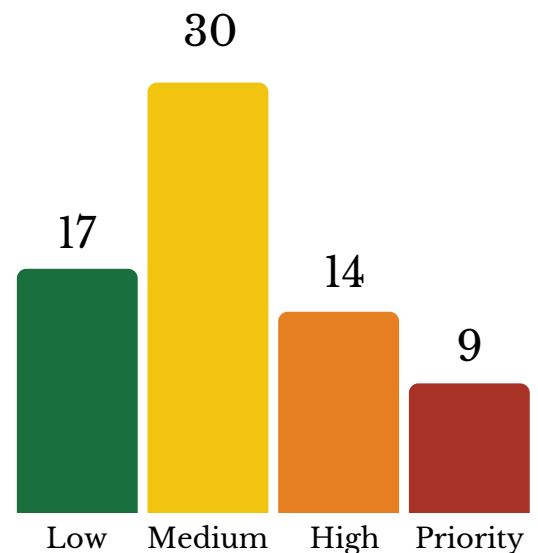
- Legislatively Required Audits
- Financial Opinion Audits
- Discretionary Audits
- Audit Requests

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 2025, 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 Audit Report on the Library and Archives Commission's Compliance with Historically Underutilized Business and State Use Program Requirements	Texas Human Resources Code, Section 122.029; Texas Government Code, Section 2161.123; and Article IX, Section 7.07, of the General Appropriations Act (88th Legislature)	25-002	9/19/2024	● ● ○ ○
A Report on the Implementation of Sunset Advisory Commission Management Actions	Texas Government Code, Section 325.012(d)	25-003	10/2/2024	○ ○ ○ ○
An Audit Report on On-site Financial Audits of Selected Residential Foster Care Contractors	Texas Government Code, Section 2155.1442	25-005	10/31/2024	● ● ● ● ● ● ● ●
A Review of Competency Restoration Services for Inmates in County Jails	Senate Bill 1677 (88th Legislature, Regular Session)	25-007	11/26/2024	○ ○ ○ ○
An Audit Report on Refugio County's Disaster Recovery Loan	Texas Government Code, Section 418.064(c)	25-010	12/16/2024	○ ○ ○ ○
A Comprehensive Forensic Audit of Medical Services for Inmates Provided by The University of Texas Medical Branch at Galveston	Rider 6, page X-7, General Appropriations Act (88th Legislature)	25-012	12/30/2024	○ ● ● ● ● ●
An Audit Report on Performance-based Contracts at the Department of Family and Protective Services	Texas Human Resources Code, Section 40.0583	25-013	1/10/2025	○ ● ○ ○
An Audit Report on Selected Performance Measures at the Texas Facilities Commission	Texas Government Code, Section 2101.038	25-015	1/28/2025	○ ○ ○ ○
A Report on Audits of Diversity, Equity, and Inclusion Requirements at Institutions of Higher Education	Texas Education Code, Section 51.3525	25-018	2/26/2025	○ ○ ○ ○

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 Certification of the Permanent School Fund's Bond Guarantee Program for Fiscal Year 2024	Texas Education Code, Sections 45.053 and 45.0531	25-019	3/12/2025	
A Summary of Regional Planning Commissions' Reports	Texas Local Government Code, Sections 391.0095 and 391.0117	25-020	3/12/2025	
A Report on Contract Monitoring Assessment at Certain State Agencies	Texas Government Code, Section 2261.258	25-022	4/11/2025	
An Audit Report on Selected State Entities' Compliance with Benefits Proportional Requirements	Rider 8, subsection (b), page III-55, and Section 6.08(h), page IX-31, of the General Appropriations Act (88th Legislature)	25-024	5/16/2025	
An Audit Report on the Department of Savings and Mortgage Lending: A Self-directed, Semi-independent Agency	Texas Finance Code, Section 16.004	25-026	5/28/2025	
An Audit Report on the Texas Department of Banking: A Self-directed, Semi-independent Agency	Texas Finance Code, Section 16.004	25-029	6/13/2025	
An Audit Report on the Board of Public Accountancy: A Self-directed, Semi-independent Agency	Texas Government Code, Section 472.103	25-031	6/18/2025	

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 2025, 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 Fiscal Year 2024 Financial Statements of the Teacher Retirement System of Texas		25-006	11/25/2024
A Report on the Audit of the Fiscal Year 2024 Financial Statements of the Department of Housing and Community Affairs	Texas Government Code, Section 2306.074(a)	25-011	12/16/2024
A Report on State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Year Ended August 31, 2024	Title 31, United States Code, Section 7502	25-017	2/24/2025
State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2024	Title 31, United States Code, Section 7502	25-315	2/26/2025
State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2024	Texas Government Code, Section 403.013(c) Title 31, United States Code, Section 7502	25-555	2/28/2025
A Report on the Audit of the Teacher Retirement System’s Fiscal Year 2024 Employer Pension and Other Post Employment Benefit Liability Schedules		25-028	6/4/2025

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 2025.

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	Report Number	Release Date	Report Ratings
An Audit Report on the Vehicle Fleet Management Program at the Office of the Comptroller of Public Accounts	25-001	9/5/2024	   
An Audit Report on Controlled Substances Management at The University of Texas at Tyler	25-004	10/8/2024	     
An Audit Report on The Texas School Safety Center at Texas State University	25-008	12/6/2024	   
An Audit Report on Contract Management at The University of Texas at El Paso	25-009	12/10/2024	   
A Report on A Follow-up Audit on the Department of Public Safety's Texas Gang Intelligence Database	25-014	1/27/2025	   
An Audit Report on Bridge Project Oversight at the Department of Transportation	25-016	2/5/2025	   
An Audit Report on Enforcement Processes at the Board of Plumbing Examiners	25-027	5/29/2025	   
An Audit Report on Complaint, Inspection, and Enforcement Processes at the Commission on Jail Standards	25-030	6/13/2025	   
An Audit Report on Selected Watermaster Programs at the Commission on Environmental Quality	25-032	7/10/2025	   
An Audit Report on Contract Monitoring of Eligibility Support Services at the Health and Human Services Commission	25-033	7/11/2025	   

Discretionary Audits

Continued

i

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	Report Number	Release Date	Report Ratings
An Audit Report on Certification and Enforcement at the Commission on Fire Protection	25-034	7/14/2025	● ● ● ⊘
An Audit Report on The Judicial and Court Personnel Education Grants at the Court of Criminal Appeals	25-036	8/8/2025	● ⊘ ● ●
An Audit Report on Critical Infrastructure Activities at the Railroad Commission	25-037	8/12/2025	● ● ● ⊘
An Audit Report on Offboarding Processes at Selected State Agencies	25-038	8/22/2025	● ● ⊘ ● ⊘ ●
An Audit of Cybersecurity at the Health Professions Council	25-039	8/27/2025	⊘ ● ⊘ ●

Audit Requests

In fiscal year 2025, the State Auditor's Office conducted the following audits at the request of members of the Texas Legislature or the audited entities.



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	Report Number	Release Date	Report Ratings
A Special Audit of Expenses Related to the Impeachment Trial	25-021	3/19/2025	
An Audit Report on the Kinney County Groundwater Conservation District	25-023	5/9/2025	
Audit Request: The Use of Selected State Funds by the Department of Agriculture	25-025	5/14/2025	
Closeout Procedures for the Federal Perkins Loan Program at the University of North Texas	25-035	7/29/2025	



Classification



No ratings were assessed in the following Classification Reports.

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 2025, the SAO released eight Classification reports and revised and maintained multiple guides, resources, and online 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.

Report Title	Reference	Report Number	Release Date
A Biennial Report on the State’s Position Classification Plan for the 2026-2027 Biennium	Texas Government Code, Sections 654.036 and 654.037	25-701	10/1/2024
A Biennial Report on Executive Compensation at State Agencies	Section 3.08, Article IX, the General Appropriations Act (88th Legislature)	25-702	10/1/2024
A Report on the State's Law Enforcement Salary Schedule (Salary Schedule C) for the 2026-2027 Biennium	Texas Government Code, Sections 654.036 and 654.037	25-703	11/1/2024
A Supplemental Report on Executive Compensation at State Agencies	Section 3.08, Article IX, the General Appropriations Act (88th Legislature)	25-704	11/15/2024
An Annual Report on Classified Employee Turnover for Fiscal Year 2024	Texas Government Code, Section 651.007	25-705	12/6/2024
A Summary Report on Full-time Equivalent State Employees for Fiscal Year 2024	Texas Government Code, Sections 2052.103 and 2052.104	25-706	12/13/2024
A Supplemental Report on the State's Law Enforcement Salary Schedule (Salary Schedule C) for the 2026-2027 Biennium	Texas Government Code, Sections 654.036 and 654.037	25-707	12/16/2024
A Classification Compliance Review Report on Property Management and Procurement Positions at Article II Agencies	Texas Government Code, Sections 654.036 and 654.038	25-708	3/14/2025



View the State Classification Team website at hr.sao.texas.gov

Classification Resources and Guides

Legislative Workforce Summaries	Legislative Workforce Summaries 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.
Job Descriptions	Job Descriptions for the 2026-2027 Biennium Job Description Guide Job Descriptions Self-Paced Learning 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	Military Crosswalk Guide 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.
Conversion Manual	Conversion Manual Conversion Manual Guide 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.
Job Classification Review Guide	Job Classification Review Guide Recommended Changes to the State's Position Classification Plan Self-Paced Learning 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.
Full-Time Equivalent (FTE) State Employee System	FTE System How to Use the FTE System Self-Paced Learning FTE System Interactive Dashboard 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.

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



Professional Development

98

Training Courses

2,887

Attendees

72

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 2025:

- The Professional Development Team provided 98 training courses, totaling 18,152 CPE hours, to internal and external participants.
- A total of 2,887 public and private sector employees attended the training courses.
- Employees of 72 state and local government entities and other organizations received training.

Additionally, in August 2025, the State Auditor's Office hosted the 2025 Audit Conference. A total of 248 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.



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.



Presentations

During fiscal year 2025 the State Auditor's Office provided presentations and information on SAO work for the following organizations:

Association of Government Accountants

City of Austin

National Association of State Auditors,
Comptrollers and Treasurers

National Legislative Program Evaluation Society

New England Intergovernmental Audit Forum

National State Auditor's Association

Teacher Retirement System of Texas

Texas Alcoholic Beverage Commission

Texas Permanent School Fund Corporation

Texas Department of State Health Services

Texas State Agency Business
Administrators' Association

Texas State Auditor's Office Audit Conference

University of Texas at Austin

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.

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.
- Yellow Book Implementation Discussion Group.

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.

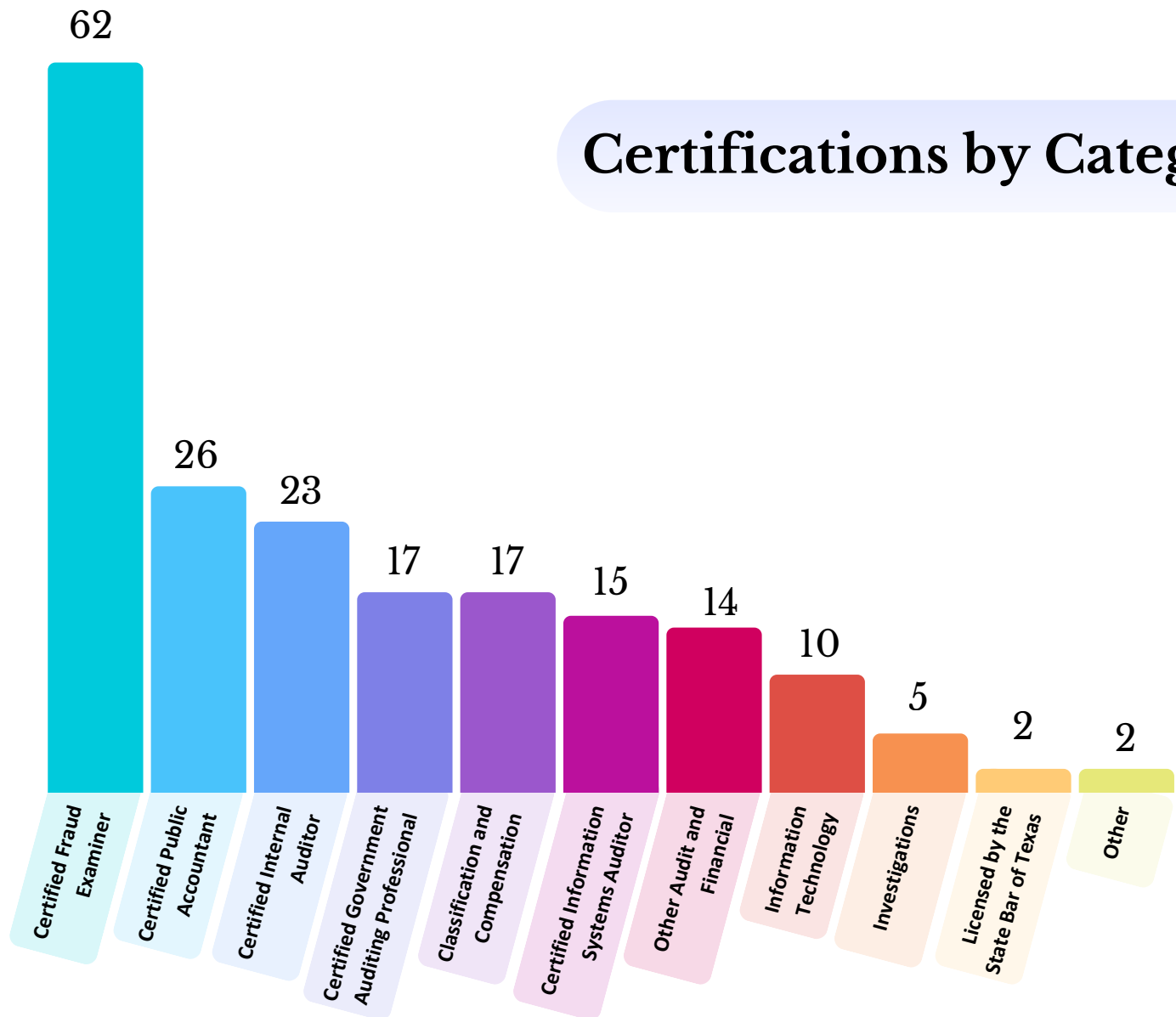
The National Association of State Auditors, Comptrollers, and Treasurers (NASACT) Committee on Accounting, Reporting, and Auditing, which discusses accounting, financial reporting, auditing, and other matters related to the financial management of government.



Certifications

As of September 2025, State Auditor's Office personnel held 193 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.



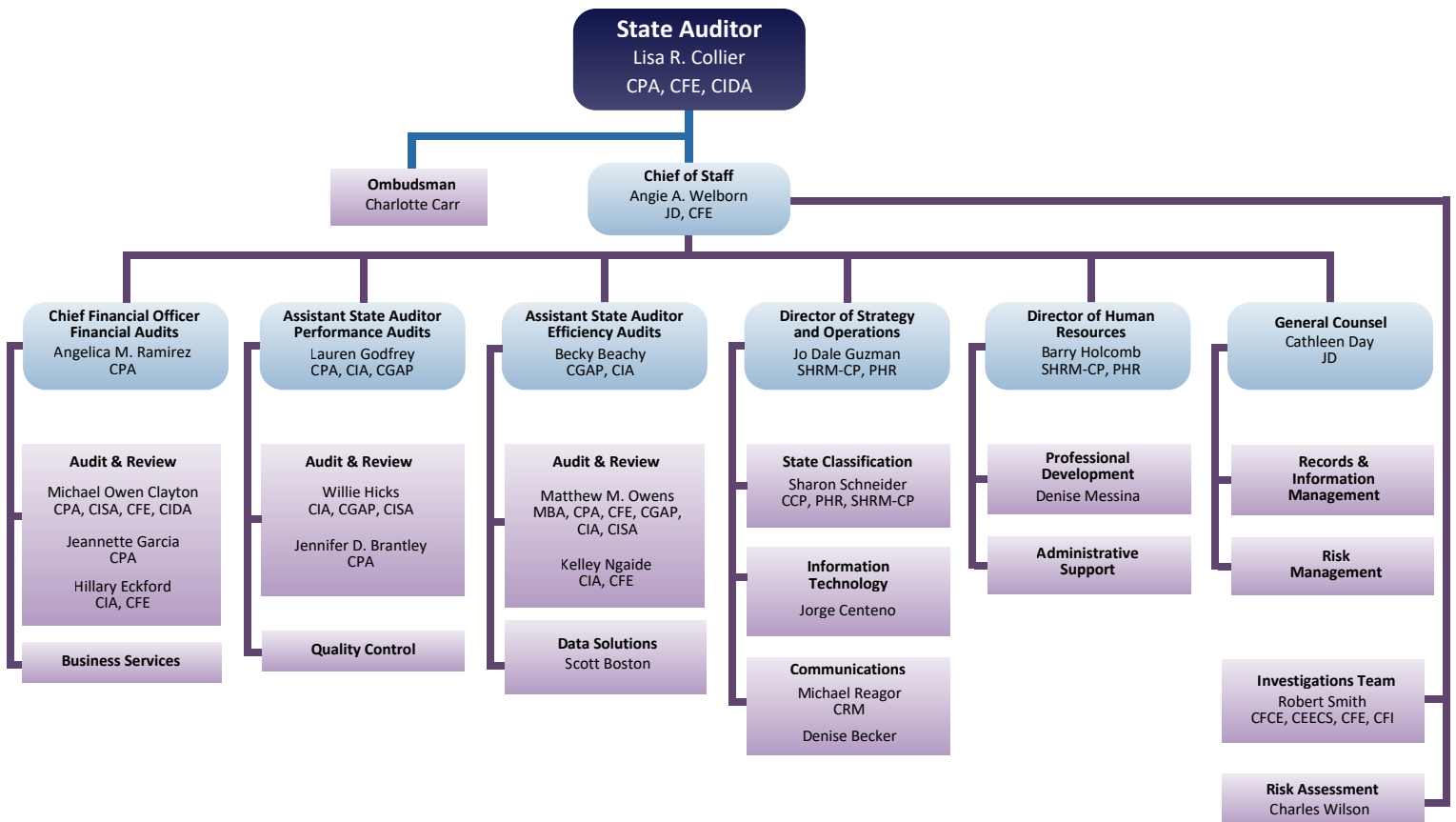
Organizational Chart

Current as of September 2025



State Auditor's Office Organizational Chart

Legislative Audit Committee





Distribution

Copies of this report have been distributed to the following:

89th Legislature

All members of the 89th Legislature

Office of the Governor

The Honorable Greg Abbott, Governor



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