



The State Auditor's Office

Annual Report

Fiscal Year 2026

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



The State Auditor's Office

Annual Report for Fiscal Year 2026

- The Audit and Review Team and the State Classification Team released 46 reports.
- The Professional Development Team provided 139 training courses internally and/or to state and local government entities and other organizations.

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State Auditor

The State Auditor's Office (SAO) annual report highlights audit work and other activities our office performed during fiscal year 2026. 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 2026, 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 2026, the State Classification Team issued five 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

133
State Agencies and Higher
Education Institutions Audited

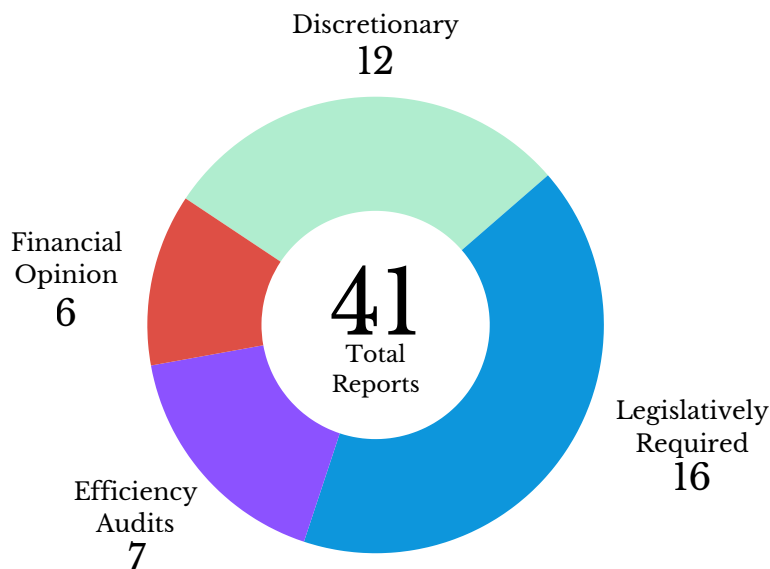
The State Auditor's Office (SAO) is the independent auditor for Texas state government. The SAO is authorized by Chapter 321 of the Texas Government Code to perform audits, reviews, and investigations of any entity receiving state funds, including state agencies and higher education institutions. Audits 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:

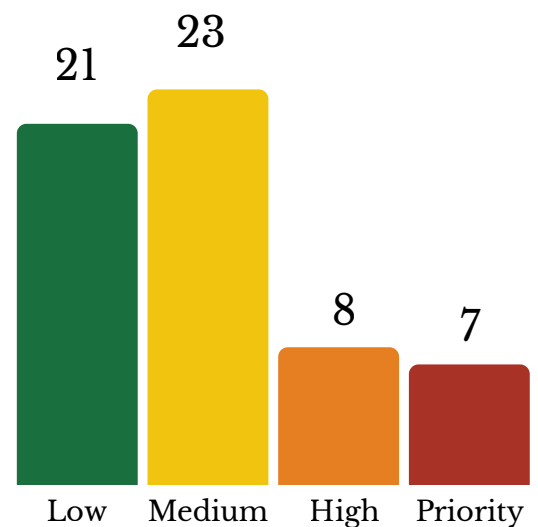
- Legislatively Required Audits
- Efficiency Audits
- Financial Opinion Audits
- Discretionary Audits

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 Issued¹



¹ To minimize security risks, some confidential ratings are not included in this report.

Legislatively Required Audits

Each year the State Auditor’s Office is required by state law to conduct certain audits. In fiscal year 2026, 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 On-site Financial Audits of Selected Residential Foster Care Contractors	Texas Government Code, Section 2155.1442	26-002	10/2/2025	○ ● ● ● ●
An Audit Report on the Broadband Pole Replacement Program and Fund at the Office of the Comptroller of Public Accounts	Texas Government Code, Section 403.553	26-003	10/7/2025	● ● ○ ○
An Audit Report on Selected State Entities’ Compliance with Benefits Proportional Requirements	Rider 8, subsection (b), page III-58, and Section 6.08(h), page IX-32, of the General Appropriations Act (89th Legislature)	26-008	12/11/2025	● ● ○ ○ ○
An Audit Report on Selected Major Agreements Under the Texas Jobs, Energy, Technology, and Innovation (JETI) Act	Texas Government Code, Section 403.615	26-009	12/11/2025	● ● ● ○ ○
An Audit Report on Refugio County’s Disaster Recovery Loan	Texas Government Code, Section 418.064(c)	26-014	1/9/2026	○ ○ ○ ○
A Report on Salary Supplements at Public Higher Education Institutions and State Agencies	Texas Government Code, Section 659.0201	26-016	2/11/2026	○ ○ ○ ○
An Audit Report on the Credit Union Department: A Self-directed, Semi-independent Agency	Texas Finance Code, Section 16.004	26-017	2/11/2026	● ● ● ○ ○
Certification of the Permanent School Fund's Bond Guarantee Program for Fiscal Year 2025	Texas Education Code, Sections 45.053 and 45.0531	26-018	3/27/2026	○ ○ ○ ○

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
The Criminal Justice Information System	Texas Code of Criminal Procedure, Article 66.352	26-021	4/29/2026	● ● ○ ○
The Real Estate Commission: A Self-directed, Semi-independent Agency	Texas Occupations Code, Section 1105.004	26-022	5/5/2026	● ● ○ ○
An Audit of the Board of Plumbing Examiners	Rider 3, Page VIII-48 and Rider 5, Page X-6, General Appropriations Act (89th Legislature)	26-025	5/18/2026	● ○ ○ ○
An Audit of Diversity, Equity, and Inclusion Requirements at Institutions of Higher Education	Texas Education Code, Section 51.3525	26-026	5/19/2026	○ ○ ○ ○
A Report on Contract Monitoring Assessment at Certain State Agencies	Texas Government Code, Section 2261.258	26-027	6/4/2026	○ ○ ○ ○
A Report on Compliance With Investment and Reporting Requirements Under the Public Funds Investment Act and Specials Provision § 6(5)	Texas Government Code, Section 2256.005 and Special Provisions Relating Only to State Agencies of Higher Education, Section 6, Subsection 5, pages III-293 through III-294, General Appropriations Act (89th Legislature).	26-030	6/17/2026	○ ○ ○ ○
An Audit of the Texas Education Agency	Rider 88, page III-34, General Appropriations Act (89th Legislature)	26-034	8/17/2026	● ● ○ ○
A Report on the Implementation of Sunset Advisory Commission Management Actions	Texas Government Code, Section 325.012(d)	26-037	8/25/2026	○ ○ ○ ○

Efficiency Audits

In fiscal year 2026, the State Auditor's Office conducted the following efficiency audits as required by updates to Texas Government Code, Sections 327.002 and 327.004 (89th Legislature).



No ratings are assessed in Efficiency Audit Reports.

Report Title	Report Number	Release Date
An Efficiency Audit of the Pension Review Board	26-019	4/15/2026
An Efficiency Audit of the Public Finance Authority	26-020	4/27/2026
An Efficiency Audit of the State Preservation Board	26-024	5/8/2026
An Efficiency Audit of the Cancer Prevention and Research Institute of Texas	26-035	8/21/2026
An Efficiency Audit of the Racing Commission	26-036	8/25/2026
An Efficiency Audit of the Texas State Affordable Housing Corporation	26-038	8/26/2026
An Efficiency Audit of the Department of Housing and Community Affairs	26-039	8/27/2026

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 2026, 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 of Texas's Fiscal Year 2025 Financial Statements		26-006	11/25/2025
A Report on the Audit of the Fiscal Year 2025 Financial Statements of the Department of Housing and Community Affairs	Texas Government Code, Section 2306.074	26-010	12/16/2025
A Report on the Audit of the Fiscal Year 2025 Financial Statements of the Texas Lottery		26-013	1/6/2026
State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2025	Title 31, United States Code, Section 7502	26-318	2/25/2026
State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2025	Texas Government Code, Section 403.013(c) Title 31, United States Code, Section 7502	26-555	2/27/2026
An Audit of the Teacher Retirement System’s Fiscal Year 2025 Employer Pension and Other Post Employment Benefit Liability Schedules		26-028	6/8/2026

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 2026.

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 Laboratory Services at the Texas A&M Veterinary Medical Diagnostic Laboratory	26-001	9/17/2025	
An Audit Report on Selected Foundation School Program Allotments at the Texas Education Agency	26-004	10/14/2025	
An Audit Report on Contract Management at the Department of State Health Services	26-005	10/21/2025	
An Audit Report on Offboarding Processes at the Texas Historical Commission	26-007	11/25/2025	
An Audit of Configuration and Vulnerability Management Processes at the Department of Information Resources	26-011	12/19/2025	N/A ²
An Audit Report on Financial Processes at Texas Southern University	26-012	12/29/2025	
An Audit Report on Enforcement Activities at the Department of Licensing and Regulation	26-015	1/30/2026	
An Audit of Data Management and Data Governance at the Department of Motor Vehicles	26-023	5/7/2026	
An Audit of Asset Management at the Lamar State Colleges	26-029	6/11/2026	
An Audit of Palo Pinto County Municipal Water District No. 1	26-031	7/13/2026	

² To minimize security risks, some confidential ratings are not included in this report.

Discretionary 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	Report Number	Release Date	Report Ratings
An Audit of Educational Loan Repayment Programs at the Higher Education Coordinating Board	26-032	7/21/2026	
A Follow-up Audit of Cybersecurity at the School for the Deaf	26-033	7/29/2026	



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 offices; and provides information on employee compensation issues to the Legislature. In fiscal year 2026, the SAO released five 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.



No ratings were assessed in the following Classification Reports.

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
Texas Human Resources Management Statutes Inventory - 2026-2027 Biennium		26-701	9/29/2026
A Classification Compliance Review Report on Property Management and Procurement Positions at Selected Article V Agencies	Texas Government Code, Sections 654.036 and 654.038	26-702	11/4/2026
An Annual Report on Classified Employee Turnover for Fiscal Year 2026	Texas Government Code, Sections 651.007 and 654.037	26-703	2/18/2026
Full-time Equivalent State Employees for Fiscal Year 2026	Texas Government Code, Sections 2052.103 and 2052.104	26-704	3/31/2026
A Report on Expanding State Job Opportunities for Individuals Without a Bachelor's Degree	Texas Government Code, Section 654.037(e)	26-705	7/16/2026



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

139

Training Courses

2,986

Attendees

73

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 2026:

- The Professional Development Team provided 139 training courses, totaling 17,395 CPE hours, to internal and external participants.
- A total of 2,986 public and private sector employees attended the training courses.
- Employees of 73 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-two 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 July, 2026, the State Auditor's Office hosted the 2026 Audit Conference. A total of 249 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.

Monitored external auditors' performance of contracted efficiency audits.



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.



Audit Coordination

Conducted/hosted quarterly Audit Coordination meetings.

Coordinated with Sunset Advisory Commission and Legislative Budget Board for planning efficiency audits.



Presentations

During fiscal year 2026 the State Auditor's Office provided presentations and information on SAO work for the following organizations:

Association of Department of Information Resources Accountants

National Compensation Association of State Governments

National Legislative Program Evaluation Society

National State Auditor's Association

State Agency Coordinating Committee

State Agency Internal Audit Forum

Teacher Retirement System of Texas

Texas Association of College and University Auditors

Texas Association of Regional Councils

Texas Fiscal Officer's Academy

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.
- 2027 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.

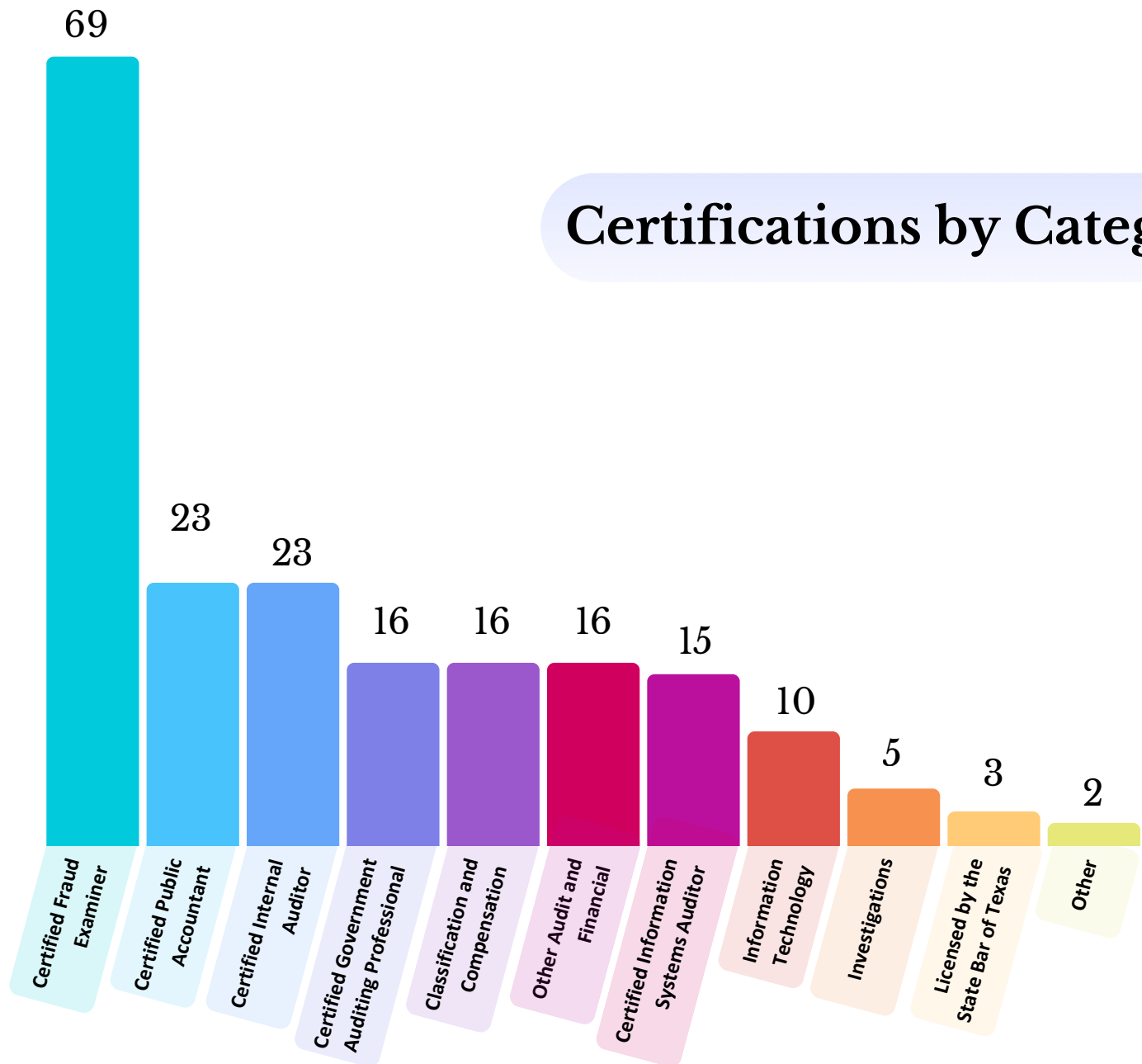
The National Association of State Auditors, Comptrollers, and Treasurers (NASACT) Committee on Accounting, Reporting, and Auditing, which discusses accounting, financial reporting, auditing, and other matters related to the financial management of government.



Certifications

As of September 2026, State Auditor's Office personnel held 197 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 2026



State Auditor's Office Organizational Chart

Legislative Audit Committee

State Auditor

Lisa R. Collier
CPA, CFE, CIDA

Ombudsman
Benjamin Fox

Chief of Staff
Angie A. Welborn
JD, CFE

Risk Assessment
Charles Wilson

**Assistant State Auditor
Performance/Financial Audits**
Willie J. Hicks
CIA, CISA, CGAP, MBA

Audit & Review

Kelley Ngaide
CIA, CFE
Valerie Bogan
CIA, CFE
Amadou Ngaide
MBA, CFE, CIDA, CICA
Paul Morris
CPA, CIA

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

Audit & Review

Jennifer D. Brantley
CPA
Tessa Mlynar
CIA, CISA, CFE

Quality Control
Bianca F. Pineda
CIA, CISA, CFE, CGAP

**Assistant State Auditor
Efficiency Audits**
Becky Beachy
CGAP, CIA

Audit & Review

Matthew M. Owens
MBA, CPA, CFE, CGAP,
CIA, CISA
Jeannette Garcia
CPA

Data Solutions
Scott Boston

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

State Classification
Lara Tai
CCP, PHR, SHRM-CP

**Information
Technology**
Jorge Centeno

Communications
Michael Reagor
CRM
Denise Becker

Business Services
Roberto Ruiz Jr.

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

**Professional
Development**
Charlotte Carr

**Administrative
Support**

General Counsel
Cathleen Day
JD, CFE

Investigations Team
Robert Smith
CFCE, CEECS, CFE, CFI

**Risk
Management**

**Records &
Information
Management**



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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