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An Audit Report on

# **Capital Budgets at Health and Human Services Agencies**

August 2015  
Report No. 15-044

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## Overall Conclusion

Overall, the State's health and human services agencies have processes and related controls to help ensure that they spend capital budget funds as intended and in compliance with requirements for the expenditure of those funds.

The agencies audited included the Health and Human Services Commission (HHSC), the Department of Aging and Disability Services (DADS), the Department of Assistive and Rehabilitative Services (DARS), the Department of Family and Protective Services (DFPS), and the Department of State Health Services (DSHS). Those agencies were appropriated a total of \$1,270,776,791 for 236 capital projects for the 2012-2013 and 2014-2015 biennia. Their budgets for individual capital projects during those biennia ranged from \$35,690 to \$69,153,846.

### Compliance with Requirements for Capital Budgets, Transfers, and Interim Capital Projects

For all agencies audited, auditors reviewed the establishment of capital budgets, transfers related to capital budgets, and interim capital projects. None of the agencies audited transferred capital project budgets to non-capital project budgets, and none of them created an interim capital project after the Legislature had not appropriated funds for the same capital project during the previous legislative session.

While the audited agencies have processes and related controls for capital budgets, auditors identified certain opportunities for improvement. Specifically:

- **Establishment of capital budgets.** The audited agencies correctly established 231 (98 percent) of the 236 capital project budgets in the State's Uniform Statewide Accounting System (USAS). However, DSHS and DADS did not establish four capital budgets correctly in USAS. The original budgets established in USAS

#### Selected Limitations on Capital Budget Expenditures

The General Appropriations Acts (82nd and 83rd Legislatures), specified the following:

- (1) An agency may transfer appropriations:
  - (A) from a non-capital budget item to a capital budget item;
  - (B) from a capital budget item to another capital budget item; or
  - (C) from a capital budget item to an additional capital budget item not presented in the agency's bill pattern.
- (2) Without the approval of the Governor and the Legislative Budget Board:
  - (A) the amounts transferred during a fiscal year...may not exceed 25 percent of either:
    - (i) the amount of the capital budget item, as presented in the agency's bill pattern from which funds are being transferred; or
    - (ii) the amount of the capital budget item, if presented in the agency's bill pattern, to which funds are being transferred.
  - (B) appropriations may not be transferred directly from a non-capital budget item to an additional capital budget item not presented in the agency's bill pattern.

Sources: Section 14.03(i), page IX-59, the General Appropriations Act (82nd Legislature), and Section 14.03(h), page IX-55, the General Appropriations Act (83rd Legislature).

did not match the appropriated amounts in the General Appropriations Act, and the agencies did not make necessary corrections. The differences between the four budgets in USAS and the appropriated amounts in the General Appropriations Act totaled \$883,607 (in absolute value) for those projects. DFPS corrected one capital budget established incorrectly in USAS after auditors brought that error to its attention.

➤ **Transfers related to capital budgets.** During the 2012-2013 biennium and the 2014-2015 biennium through January 31, 2015, the audited agencies made capital budget transfers exceeding 25 percent that were related to 14 capital projects. Because those transfers exceeded 25 percent, the agencies were required to submit a request for an exception to the transfer requirements in the General Appropriations Act to the Legislative Budget Board and the Office of the Governor to make those transfers (see text box for additional details). Auditors determined the following:

**Requirements for Transfers of  
Capital Budgets  
That Exceed 25 Percent**

The General Appropriations Acts (82nd and 83rd Legislatures), required that, to make certain transfers of more than 25 percent of budgets involving capital projects, agencies must submit request letters seeking approval from both the Legislative Budget Board and the Office of the Governor.

Sources: Section 14.03(i)(2), page IX-59, the General Appropriations Act (82nd Legislature), and Section 14.03(h)(2), page IX-55, the General Appropriations Act (83rd Legislature).

- DSHS submitted the required request for an exception to the transfer requirements for one capital project; that request contained the required information and the Legislative Budget Board and the Office of the Governor approved the transfer.
- DFPS did not submit the required request for an exception to the transfer requirements for one capital project; however, it subsequently made adjustments to bring the associated transfer below the 25 percent threshold.
- DARS did not submit required requests for exceptions to the transfer requirements for three capital projects. As a result, DARS released the associated funds in USAS without receiving the proper approvals. After auditors brought that to its attention, DARS made corrections for two of those capital projects, but the third capital project was already closed and DARS was unable to make a correction. DARS submitted the required request for an exception to the transfer requirements for a fourth capital project; that request contained the required information and the Legislative Budget Board and the Office of the Governor approved the transfer.
- HHSC did not submit the required request for an exception to the transfer requirements for one capital project. As a result, HHSC released the associated funds in USAS without receiving the proper approvals. It submitted the required request for an exception to the transfer requirements for another capital project, and that request contained the required information and the Legislative Budget Board and the Office of the Governor approved the transfer.

- DADS did not submit the required request for an exception to the transfer requirements for one capital project. It submitted the required requests for exceptions to the transfer requirements for five other capital projects; however, it made transfers for two of those capital projects prior to obtaining the approval of the Legislature Budget Board and the Office of the Governor. Those five requests contained the required information, and the Legislative Budget Board and the Office of the Governor approved the transfers.
- **Interim capital projects.** During the 2012-2013 biennium and the 2014-2015 biennium through January 31, 2015, HHSC, DADS, DARS, and DFPS created 16 interim capital projects. Auditors determined the following:
  - The agencies funded 6 of the 16 interim capital projects through existing capital budget projects and, therefore, they were not required to obtain approvals from the Legislative Budget Board and the Office of the Governor.
  - DADS, DARS, and DFPS received approval from both the Legislative Budget Board and the Office of the Governor to fund 9 of the 16 interim capital projects (see text box for additional details). For two of those nine interim capital projects, DADS expended non-capital project funds while awaiting approval from the Legislative Budget Board and the Office of the Governor.
  - DARS initially set up an interim capital project through direct transfers from non-capital projects without obtaining required approvals from the Legislative Budget Board and the Office of the Governor. DARS corrected that transfer after auditors brought that error to its attention.

#### Interim Capital Project

An interim project is a project that an agency creates during the “interim” period between legislative sessions. An interim project must not have been a project that was presented in an agency’s *Legislative Appropriations Request* to a committee, subcommittee, or working group of the Legislature and not adopted by the Legislature.

Agencies are required to submit a request for approval from the Legislative Budget Board and the Office of the Governor if they wish to fund an interim capital project with non-capital budgets.

Sources: Section 14.03(i)(2), page IX-59, the General Appropriations Act (82nd Legislature), and Section 14.03(h)(2), page IX-55, the General Appropriations Act (83rd Legislature).

### Compliance with General Appropriations Act Riders

At DADS and HHSC, auditors also tested compliance with General Appropriations Act riders related to capital budgets for the 2012-2013 biennium and the 2014-2015 biennium through January 31, 2015, and determined the following:

- DADS complied with all three riders related to capital projects. Those riders were in the areas of monthly financial reports, general obligation bond proceeds, and unexpended balance authority.
- HHSC complied with three riders related to capital projects. Those riders were in the areas of unexpended balances, funding of debt, and the development of a data warehouse. Overall, HHSC complied with a fourth rider requiring it to

submit a monthly financial report to the Legislative Budget Board and the Office of the Governor, but it did not include managed care information in that report as the rider required. However, the Legislative Budget Board communicated to HHSC that HHSC had provided all required information in that report.

### **Compliance with Requirements for Expenditures**

At DADS and HHSC, auditors also tested 60 capital expenditures totaling \$27,093,355 (1) for evidence of proper approvals and (2) to verify that the expenditures were for capital projects. DADS and HHSC had proper approval for those expenditures, and they did not spend funds appropriated for capital purposes on non-capital projects.

At DADS and HHSC, auditors also tested 60 expenditures classified as non-capital expenditures totaling \$20,755,111 (1) for evidence of proper approvals and (2) to verify that the expenditures were not for capital projects. DADS and HHSC had proper approval for those expenditures. In general, they did not spend funds appropriated for non-capital purposes on capital projects. Specifically:

- Although they were classified as non-capital expenditures, 3 (10 percent) of the 30 expenditures tested at HHSC totaling \$4,113,919 should have been classified as capital projects and paid for with capital projects funds. HHSC corrected two of those expenditures and ultimately paid for them with capital project funds.
- Although they were classified as non-capital expenditures, 2 (7 percent) of the 30 expenditures tested at DADS totaling \$634,792 should have been classified as capital projects and paid for with capital project funds.

Auditors communicated other, less significant issues to agency management separately in writing.

### ***Summary of Management's Response***

The agencies audited agreed with the respective recommendations addressed to them in this report.

### ***Summary of Information Technology Review***

Auditors reviewed user access controls for USAS. Auditors communicated other, less significant issues related to the agencies' access controls to agency management separately in writing.

### ***Summary of Objective, Scope, and Methodology***

The objective of this audit was to determine whether selected health and human services agencies have processes and related controls to help ensure that they

spend capital budget funds as intended in compliance with requirements governing the expenditure of capital budget appropriations.

The scope of the audit covered capital budget establishments, transfers, and interim capital projects for HHSC, DADS, DARS, DFPS, and DSHS for the period from September 1, 2011, through January 31, 2015. The scope also covered capital budget riders and capital and non-capital expenditures for HHSC and DADS.

The audit methodology included gaining an understanding of the audited agencies' capital budget processes; collecting and reviewing information and documentation regarding capital budget requirements and expenditures; reviewing statutes, rules, and Legislative Budget Board and Office of the Comptroller of Public Accounts requirements; performing selected tests and other procedures; analyzing and evaluating the results of tests; and interviewing management and staff at each audited agency.

To assess the reliability of the data used in the audit, auditors performed analytical procedures and traced the data to supporting documentation for USAS. Auditors also relied on previous State Auditor's Office audit work on USAS that evaluated USAS application and general controls. Auditors determined that data in USAS was sufficiently reliable for the purposes of this audit.

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# Detailed Results

Chapter 1

## **Overall, the Audited Agencies Have Processes and Related Controls for Capital Budgets, But They Should Strengthen Certain Aspects of Those Processes and Controls**

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Overall, the State's health and human services agencies have processes and related controls to help ensure that they spend capital budget funds as intended and in compliance with requirements for the expenditure of those funds. The agencies audited included the Health and Human Services Commission (HHSC), the Department of Aging and Disability Services (DADS), the Department of Assistive and Rehabilitative Services (DARS), the Department of Family and Protective Services (DFPS), and the Department of State Health Services (DSHS).

For all agencies audited, auditors reviewed (1) the establishment of capital budgets, (2) transfers related to capital budgets, and (3) interim capital projects. None of the agencies audited transferred capital project budgets to non-capital projects, and none of them created an interim capital project after the Legislature had not appropriated funds for the same capital project during the previous legislative session.

### **Establishment of Capital Budgets**

The audited agencies correctly established 231 (98 percent) of the 236 capital project budgets in the State's Uniform Statewide Accounting System (USAS). For the remaining five capital budgets:

- DSHS and DADS did not establish four capital budgets correctly in USAS. The original budgets established in USAS did not match the appropriated amounts in the General Appropriations Act, and the agencies did not make necessary corrections. The differences between the budgets in USAS and the appropriated amounts in the General Appropriations Act totaled \$883,607 (in absolute value) for those projects.
- DFPS corrected one capital budget established incorrectly in USAS after auditors brought that error to its attention; the amount of that correction was \$473,675.

### **Transfers Related to Capital Budgets**

During the 2012-2013 biennium and the 2014-2015 biennium through January 31, 2015, none of the audited agencies transferred capital project budgets to non-capital project budgets. The General Appropriations Acts (82nd and 83rd Legislatures) prohibited the transfer of funds from a capital budget project to a



non-capital project budget without prior approval of the Legislative Budget Board and the Office of the Governor.

During the 2012-2013 biennium and the 2014-2015 biennium through January 31, 2015, the audited agencies made capital budget transfers exceeding 25 percent that were related to 14 capital projects. Because those transfers exceeded 25 percent, the agencies were required to submit a request for an exception to the transfer requirements in the General Appropriations Act to the Legislative Budget Board and the Office of the Governor to make those transfers. The Office of the Comptroller of Public Accounts (Comptroller's Office) calculates the 25 percent transfer limitation based on funds available in an appropriation year. Therefore, to test compliance requirements for transfers, auditors followed the Comptroller's Office's methodology and calculated the 25 percent based on the funds available in an appropriation year. Auditors determined the following:

- DSHS submitted the required request for an exception to the transfer requirements for one capital project for data center consolidation. That request contained the required information, and the Legislative Budget Board and the Office of the Governor approved the transfer.
- DFPS did not submit the required request for an exception to the transfer requirements for one capital project for Web services for its Child Care Licensing Automation Support System. However, it subsequently made adjustments to bring the associated transfer below the 25 percent threshold.
- DARS did not submit required requests for exceptions to the transfer requirements associated with three capital projects. As a result, DARS released the associated funds in USAS without receiving the proper approvals. After auditors brought that to its attention, DARS made corrections for two of those capital projects: a building maintenance project and a project for the establishment and refurbishment of food service facilities. The third capital project for building maintenance from appropriation year 2012 was already closed, and DARS was unable to make a correction. DARS submitted the required request for an exception to the transfer requirements for a fourth capital project for compliance with Health Insurance Portability and Accountability Act regulations. That request contained the required information, and the Legislative Budget Board and the Office of the Governor approved the transfer.
- HHSC did not submit the required request for an exception to the transfer requirements for one capital project for Medicaid eligibility and health information. As a result, HHSC released the associated funds in USAS without receiving the proper approvals. It submitted the required request for an exception to the transfer requirements for another capital project for the Texas Integrated Eligibility Redesign System. That request contained

the required information, and the Legislative Budget Board and the Office of the Governor approved the transfer.

- DADS did not submit the required request for an exception to the transfer requirements for one capital project for payment on a master lease purchase program for transportation. It submitted the required requests for exceptions to the transfer requirements for five other capital projects. Those five requests contained the required information; however, DADS made transfers for two of those capital projects prior to obtaining the approvals of the Legislature Budget Board and the Office of the Governor. Those two capital projects were for a service authorization system for Client Assignment and Registration System consolidation and for subscription fees on Microsoft 365 software. DADS also used non-capital funds to pay for the Microsoft 365 software subscription fees.<sup>1</sup>

### **Interim Capital Projects**

Auditors did not identify any instances in which the audited agencies created interim capital projects after the Legislature had not appropriated funding for the same capital project during the previous legislative session. Section 14.03(h)(2)(c), page IX-56, the General Appropriations Act (83rd Legislature) prohibits the transfer of funds to an additional capital budget item that was presented to a committee, subcommittee, or working group during the legislative session and was not adopted by the Legislature.

During the 2012-2013 biennium and the 2014-2015 biennium through January 31, 2015, HHSC, DADS, DARS, and DFPS created 16 interim capital projects. Auditors determined the following:

- The agencies funded 6 of the 16 interim capital projects through existing capital budget projects and, therefore, they were not required to obtain approvals from the Legislative Budget Board and the Office of the Governor. Those six capital projects were for a centralized data repository at HHSC; data center consolidation transformation staff augmentation; Department of Public Safety Web services for community living assistance and support services; foster care redesign phase II; child protective services transformation capital budget for DFPS; and Texas Review Oversight and Coaching System enhancements for DARS.
- DADS, DARS, and DFPS received required approvals from both the Legislative Budget Board and the Office of the Governor to fund 9 of the 16 interim capital projects. For two of those nine interim capital projects, however, DADS expended funds from non-capital budgets while awaiting approval from the Legislative Budget Board and Office of the Governor. Those two interim capital projects were for development and maintenance

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<sup>1</sup> The transfer related to the Microsoft Office 365 software subscription fees is the same transaction discussed in Chapter 2 that DADS misclassified as a non-capital expenditure.

of a contract monitoring tool and for projects related to Senate Bill 7 (83rd Legislature, Regular Session).

- DARS initially set up an interim capital project for its ReHabWorks case management system through direct transfers from non-capital projects without obtaining required approvals from the Legislative Budget Board and the Office of the Governor. After auditors brought related issues regarding transfers to its attention, DARS made multiple corrections, including a correction for the ReHabWorks interim capital project.

### **Recommendations**

DSHS, DADS, and DFPS should consistently establish capital budgets correctly in USAS and, if circumstances prevent the initial budget from matching the amount in the General Appropriations Act, those agencies should make reconciling entries as soon as possible.

DARS, HHSC, and DADS should submit requests for exceptions to the transfer requirements in the General Appropriations Act to the Legislative Budget Board and the Office of the Governor prior to making transfers in and out of capital budget projects in excess of 25 percent.

DADS and DARS should request and obtain approval from the Legislative Budget Board and the Office of the Governor prior to creating an interim capital project using non-capital budgets.

### **Management's Response**

#### **Establishment of Capital Budgets**

##### **SAO Recommendation:**

*DSHS, DADS, and DFPS should consistently establish capital budgets correctly in USAS and, if circumstances prevent the initial budget from matching the amount in the General Appropriations Act, those agencies should make reconciling entries as soon as possible.*

##### **Management Response:**

##### **DFPS Response**

*Capital Budgets set up by the assigned Budget Analyst has two levels of supervisory review. Effective August 2015, Budget and Accounting Appropriation Control has started reviewing pending budget adjustments on a monthly basis to ensure entries are completed timely.*

### DSHS Response

*DSHS management agrees with the importance of establishing capital budgets correctly in USAS and with the associated recommendation. DSHS corrected the capital budget on June 16, 2015 in USAS, as soon as an error was brought to the department's attention and in August 2015 provided additional associated training and instruction to applicable staff.*

### DADS Response

*DADS will focus efforts on consistently establishing capital budgets correctly in USAS and, if circumstances prevent the initial budget from matching the amount in the General Appropriations Act, DADS will focus efforts on making reconciling entries as soon as possible.*

### **Actions Planned:**

*DADS will implement the following actions:*

- *DADS Budget will create an additional layer of review and approval for the initial load document before sending the document to Accounting for entry into USAS.*
- *DADS Budget will perform a systematic review of USAS after the budget is loaded by the Appropriation Control Officer at the Comptroller's Office.*
- *DADS will increase training and education efforts with staff and focus on consistently establishing capital budgets correctly in USAS and if circumstances prevent the initial budget from matching the amount stated the General Appropriations Act; DADS will ensure reconciling entries are made as soon as possible.*

**Estimated Completion Date:** *September 30, 2015*

**Title of Responsible Person:** *DADS Chief Financial Officer*

### **Transfers Related to Capital Budgets**

#### SAO Recommendation:

*DARS, HHSC, and DADS should submit requests for exceptions to the transfer requirements in the General Appropriations Act to the Legislative Budget Board and the Office of the Governor prior to making transfers in and out of capital budget projects in excess of 25 percent.*

**Management Response:**

DARS Response

*DARS agrees that it should have submitted a Request for Exception to exceed the 25 percent threshold outlined in Article IX, Section 14.03 of the 83rd LS GAA based on the information audited. Additionally, it determined that the same actions processed in a different sequence would have resulted in transfer amounts less than the 25 percent threshold. DARS was able to correct two of the audit issues identified on or before June 15, 2015.*

*DARS budget staff has also developed a Capital Budget Limitation monitoring tool and added a second level of review to ensure the sequence in which capital budget amendments are processed is appropriate.*

HHSC Response

*HHSC agrees an exception to the 25 percent threshold in Article IX, Sec. 14.03 was processed without prior approvals and with the associated SAO recommendation. In this instance a request was not needed as the correct transfer amount would have been under the 25% threshold, however an amount exceeding the 25% was incorrectly processed. Although a correction was prepared to reverse the entry, the adjustment was never processed in USAS.*

**Actions Planned:**

*HHSC will add an additional tracking tool to ensure capital budget adjustments are fully implemented within USAS timely and accurately.*

**Estimated Completion Date:** September 1, 2015

**Title of Responsible Person:** HHSC Chief Financial Officer

DADS Response

*DADS will focus efforts on submitting requests for exceptions to the transfer requirements in the General Appropriations Act to the Legislative Budget Board and the Office of the Governor prior to making transfers in and out of capital budget projects in excess of 25 percent.*

**Actions Planned:**

*DADS will implement the following actions:*

- *DADS will increase training and education efforts with staff to help ensure a better understanding of the transfer limitations on capital budget items and will emphasize the importance of sending the appropriate*

*request the Legislative Budget Board and the Office of the Governor as soon as possible for any transfers which exceed this limit.*

- *DADS will also work more closely with HHSC to better predict projected cost in excess of appropriated amounts and will work to submit the appropriate request to the Legislative Budget Board and the Office of the Governor to allow more time for approval before a transfer is made in USAS.*

***Estimated Completion Date:*** September 30, 2015

***Title of Responsible Person:*** DADS Chief Financial Officer

**Interim Capital Projects**

**SAO Recommendation:**

*DADS and DARS should request and obtain approval from the Legislative Budget Board and the Office of the Governor prior to creating an interim capital project using non-capital budgets.*

**Management Response:**

**DARS Response**

*Based on the information audited, DARS agrees that it should have submitted a Request to create an Interim Capital Project using non-capital budgets as required by Article IX, Section 14.03 of the 83rd LS GAA. Additionally, it determined that it had intended to create a new capital project from an existing capital project, as opposed to a non-capital budget. As with the items above, DARS was able to correct the audit issues on or before June 16, 2015.*

*DARS budget staff has also developed a Capital Budget Limitation monitoring tool and added a second level of review to ensure that future capital budget amendments are compliant with Capital Budget Limitations.*

**DADS Response**

*DADS will focus efforts on requesting and obtaining approval from the Legislative Budget Board and the Office of the Governor prior to creating an interim capital project using non-capital budgets.*

**Actions Planned:**

*DADS will implement the following actions:*

- *DADS will increase training and education efforts with staff to help ensure a better understanding of the need to request interim capital budgets in a timely manner and will work to submit the appropriate request to Legislative Budget Board and Office of the Governor to allow*

*more time to review each request prior to DADS working on an interim capital project.*

- *DADS will implement review procedures to help ensure capital appropriations are established correctly in USAS and expenditures are correctly coded to that capital appropriation after the necessary approvals are received for an interim capital project.*

***Estimated Completion Date:*** *September 30, 2015*

***Title of Responsible Person:*** *DADS Chief Financial Officer*

## **Overall, HHSC and DADS Complied with General Appropriations Act Riders Related to Capital Budgets and Requirements for Capital Budget Expenditures**

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### **Compliance with General Appropriations Act Riders**

At DADS and HHSC, auditors tested compliance with General Appropriations Act riders related to capital budgets for the 2012-2013 biennium and the 2014-2015 biennium through January 31, 2015.

DADS complied with all three riders related to capital projects. Those riders were in the areas of monthly financial reports, general obligation bond proceeds, and unexpended balance authority.

HHSC complied with three riders related to capital projects. Those riders were in the areas of unexpended balances, funding of debt, and the development of a data warehouse. Overall, HHSC complied with a fourth rider requiring it to submit a monthly financial report to the Legislative Budget Board and the Office of the Governor, but it did not include managed care information in that report as the rider required. However, the Legislative Budget Board communicated to HHSC that HHSC had provided all required information in that report.

### **Compliance with Requirements for Capital Budget Expenditures**

At DADS and HHSC, auditors tested 60 capital expenditures totaling \$27,093,355 (1) for evidence of proper approval and (2) to verify that the expenditures were for capital projects. DADS and HHSC had proper approval for those expenditures, and they did not spend funds appropriated for capital purposes on non-capital projects.

### **Compliance with Requirements for Non-capital Expenditures**

At DADS and HHSC, auditors tested 60 expenditures classified as non-capital expenditures totaling \$20,755,111 (1) for evidence of proper approval and (2) to verify that the expenditures were not for capital projects. DADS and HHSC had proper approval for those expenditures. In general, they did not spend funds appropriated for non-capital purposes on capital projects. Specifically:

- Although they were classified as non-capital expenditures, 3 (10 percent) of the 30 expenditures tested at HHSC totaling \$4,113,919 should have been classified as capital projects and paid for with capital project funds. Two of these expenditures were for data center services, and HHSC corrected those expenditures and ultimately paid for them with capital project funds. The remaining expenditure was for information technology consulting services related to a capital budget project.



- Although they were classified as non-capital expenditures, 2 (7 percent) of the 30 expenditures tested at DADS totaling \$634,792 should have been classified as capital projects and paid for with capital project funds. One of those expenditures was for subscription fees for Microsoft Office 365 software, and DADS sent a request for approval for the associated capital budget project to the Legislative Budget Board and the Office of the Governor.<sup>2</sup> However, because DADS had not received approvals when the payment was due, it paid for that expenditure with non-capital funds. The other expenditure was for surveillance cameras for state supported living centers.

### **Recommendation**

HHSC and DADS should monitor, evaluate, and classify expenditures to help ensure that they (1) consistently pay for capital expenditures with capital project funds and (2) consistently pay for non-capital expenditures with non-capital funds.

### **Management's Response**

#### **Compliance with Requirements for Non-capital Expenditures**

##### *SAO Recommendation:*

*HHSC and DADS should monitor, evaluate, and classify expenditures to help ensure that they (1) consistently pay for capital expenditures with capital project funds and (2) consistently pay for non-capital expenditures with non-capital funds.*

##### ***Management Response:***

##### *HHSC Response*

*HHSC has monitoring tools to determine when a request for exception to exceed the 25 percent threshold outlined in Article IX, Section 14.03 needs to be submitted to the Legislative Budget Board and Governor's Office in order to ensure timely approvals prior to payment. Additionally, HHSC Budget Management conducts capital budget training and has documented guidance for program staff to assist in determining appropriate classification of capital budget related expense to ensure consistency.*

*HHSC agrees that expenditures should be monitored and evaluated to ensure they are appropriately classified as capital and non-capital.*

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<sup>2</sup> The expenditure for Microsoft Office 365 software subscription fees is the same transaction discussed in Chapter 1 for which DADS used non-capital funds to make the payment.

***Actions Planned:***

*HHSC Financial Management will conduct annual training for agency staff to emphasize the importance of accurately monitoring, evaluating, and classifying expenditures accurately as either capital expenditures or non-capital expenditures as applicable.*

***Estimated Completion Date:*** *November 30th of each fiscal year*

***Title of Responsible Person:*** *HHSC Chief Financial Officer*

**DADS Response**

*DADS will focus efforts on monitoring, evaluating, and classifying expenditures to help ensure that DADS consistently pays for capital expenditures with capital project funds and consistently pays for non-capital expenditures with non-capital funds.*

***Actions Planned:***

*DADS will implement the following actions:*

- *DADS will increase training and education efforts with staff to help ensure that DADS consistently pays for capital expenditures with the correct capital appropriation.*
- *DADS will work more closely with HHSC to better predict possible cost in excess of appropriated amounts and to help ensure sufficient capital budget authority is available to accommodate for capital expenses.*

***Estimated Completion Date:*** *September 30, 2015*

***Title of Responsible Person:*** *DADS Chief Financial Officer*

# Appendices

Appendix 1

## **Objective, Scope, and Methodology**

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### **Objective**

The objective of this audit was to determine whether selected health and human services agencies have processes and related controls to help ensure that they spend capital budget funds as intended in compliance with requirements governing the expenditure of capital budget appropriations.

### **Scope**

The scope of the audit covered capital budget establishments, transfers, and interim capital projects for the Health and Human Services Commission (HHSC), the Department of Aging and Disability Services (DADS), the Department of Assistive and Rehabilitative Services (DARS), the Department of Family and Protective Services (DFPS), and the Department of State Health Services (DSHS) for the period from September 1, 2011, through January 31, 2015. The scope also covered capital budget riders and capital and non-capital expenditures for HHSC and DADS.

### **Methodology**

The audit methodology included gaining an understanding of the audited agencies' capital budget processes; collecting and reviewing information and documentation regarding capital budget requirements and expenditures; reviewing statutes, rules, and Legislative Budget Board and Office of the Comptroller of Public Accounts requirements; performing selected tests and other procedures; analyzing and evaluating the results of tests; and interviewing management and staff at each audited agency.

### **Sampling Methodology**

In some cases, auditors used professional judgment to select sample items for testing. Those sample items generally were not representative of the population and, therefore, it would not be appropriate to extrapolate those results to the population.

### **Data Reliability**

To assess the reliability of the data used in the audit, auditors performed analytical procedures and traced the data to supporting documentation for the Uniform Statewide Accounting System (USAS). Auditors also relied on previous State Auditor's Office audit work on USAS that evaluated USAS application and general controls. Auditors determined that data in USAS was sufficiently reliable for the purposes of this audit.

Information collected and reviewed included the following:

- Budget and transfer data for the five audited agencies in USAS.
- Invoices and supporting documentation for expenditures at HHSC and DADS.
- The five audited agencies' legislative appropriations requests for the 2012-2013 and 2014-2015 biennia.
- Monthly financial reports that the five audited agencies prepared.
- The five audited agencies' supporting documentation for requests to exceed transfer limitations in the General Appropriations Acts, including the associated approvals from the Legislative Budget Board and the Office of the Governor.

Procedures and tests conducted included the following:

- Reviewed the General Appropriations Acts (82nd and 83rd Legislatures).
- Reviewed legislative appropriations requests for the 2012-2013 and 2014-2015 biennia for the five audited agencies.
- For all five audited agencies, analyzed capital budgets established in USAS and transfer activity for capital budget projects for which funds were appropriated during the audit scope.
- Reviewed supporting documentation for capital budget projects that the five audited agencies created in the interim between legislative sessions.
- Reviewed supporting documentation for the five audited agencies' transfers that exceeded statutory authority.
- Reviewed user access controls for USAS for the five audited agencies.
- Reviewed monthly financial reports that the five audited agencies completed during the audit scope.
- Tested a sample of 60 capital and non-capital expenditures at DADS.
- Tested a sample of 60 capital and non-capital expenditures at HHSC.
- Analyzed the supporting requisition forms, purchase orders, invoices, purchase vouchers, and system approvals for all expenditures tested at DADS and HHSC.

Criteria used included the following:

- Applicable requirements in the General Appropriations Acts for all five audited agencies:
  - ♦ Section 14.03, Limitation on Expenditures – Capital Budget, pages IX-57 through IX-60, the General Appropriations Act (82nd Legislature).
  - ♦ Section 14.03, Limitation on Expenditures – Capital Budget, pages IX-54 through IX-56, the General Appropriations Act (83rd Legislature).
- Applicable requirements in the General Appropriations Acts for HHSC:
  - ♦ Rider 2, Capital Budget, pages II-82 and II-83, the General Appropriations Act (82nd Legislature).
  - ♦ Rider 2, Capital Budget, pages II-86 and II-87, the General Appropriations Act (83rd Legislature).
  - ♦ Rider 29, Other Reporting Requirements, pages II-91 and II-92, the General Appropriations Act (82nd Legislature).
  - ♦ Rider 28, Other Reporting Requirements, pages II-95 and II-96, the General Appropriations Act (83rd Legislature).
  - ♦ Rider 75, Unexpended Balance Authority for Human Resources Upgrade, page II-104, the General Appropriations Act (82nd Legislature).
  - ♦ Rider 41, Enterprise Data Warehouse, page II-99, the General Appropriations Act (83rd Legislature).
- Applicable requirements in the General Appropriations Acts for DADS:
  - ♦ Rider 2, Capital Budget, page II-8, the General Appropriations Act (82nd Legislature).
  - ♦ Rider 2, Capital Budget, pages II-7 and II-8, the General Appropriations Act (83rd Legislature).
  - ♦ Rider 10, Other Reporting Requirements, pages II-11 and II-12, the General Appropriations Act (82nd Legislature).
  - ♦ Rider 10, Other Reporting Requirements, pages II-11 and II-12, the General Appropriations Act (83rd Legislature).
  - ♦ Rider 42, Unexpended Balance Authority for SAS/CARE Consolidation Project, page II-19, the General Appropriations Act (82nd Legislature).

- ♦ Rider 33, Unexpended Balances Bond Proceeds, page II-17, the General Appropriations Act (83rd Legislature).
- Applicable requirements in the General Appropriations Acts for DARS:
  - ♦ Rider 2, Capital Budget, pages II-24 and II-25, General Appropriations Act (82nd Legislature).
  - ♦ Rider 2, Capital Budget, page II-25, General Appropriations Act (83rd Legislature).
- Applicable requirements in the General Appropriations Acts for DFPS:
  - ♦ Rider 2, Capital Budget, pages II-37 and II-38, General Appropriations Act (82nd Legislature).
  - ♦ Rider 2, Capital Budget, pages II-37 and II-38, General Appropriations Act (83rd Legislature).
- Applicable requirements in the General Appropriations Acts for DSHS:
  - ♦ Rider 2, Capital Budget, pages II-54 through II-56, General Appropriations Act (82nd Legislature).
  - ♦ Rider 2, Capital Budget, pages II-55 through II-57, General Appropriations Act (83rd Legislature).
- The Office of the Comptroller of Public Accounts' accounting policy statement 26.

## **Project Information**

Audit fieldwork was conducted from January 2015 through July 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Serra Tamur, MPAff, CISA, CIA (Project Manager)
- Cyndie Holmes, CISA (Project Manager)
- Jennifer Wiederhold, CGAP (Project Manager)
- Shaun Alvis, JD

- Michelle DeFrance, CPA
- Jerod Heine, MBA
- Lisa Lack
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- Ashley Rains
- Link Wilson
- Dennis Ray Bushnell, CPA (Quality Control Reviewer)
- Lisa R. Collier, CPA, CIDA (First Assistant State Auditor)

## Capital Projects at Health and Human Services Agencies

Table 1 presents information on capital budget projects at the State's health and human services agencies for appropriations years 2012 through 2015.

Table 1

Capital Projects at Health and Human Services Agencies Appropriation Years 2012 through 2015		
Appropriation Year	Capital Project (as specified in the General Appropriations Act)	Amount
<b>Health and Human Services Commission</b>		
2012	Data Center Consolidation	\$ 39,320,284
2012	Seat Management Services (PCs, Laptops, & Servers)	11,698,298
2012	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	4,635,366
2012	Enterprise Telecom Management Services	12,438,387
2012	Enterprise Info and Asset Management (Data Warehouse)	11,906,354
2012	Texas Integrated Eligibility Redesign System	68,426,440
2012	Medicaid Eligibility and Health Information	7,558,449
2012	Improve Security for IT Systems	2,484,250
2012	Enterprise Resource Planning	9,408,000
2012	Technology Support for State Hospital and State Living Centers	4,930,800
2012	Texas Integrated Eligibility Redesign System (TIERS) Lease Payments to Master Lease Program	2,119,499
2013	Data Center Consolidation	22,848,544
2013	Seat Management Services (PCs, Laptops, & Servers)	11,718,756
2013	Enterprise Telecom Management Services	12,391,063
2013	Enterprise Info and Asset Management (Data Warehouse)	12,095,609
2013	Texas Integrated Eligibility Redesign System	53,294,645
2013	Medicaid Eligibility and Health Information	7,175,391
2013	Improve Security for IT Systems	3,040,461
2013	Technology Support for State Hospital and State Living Centers	1,150,800
2013	Texas Integrated Eligibility Redesign System (TIERS) Lease Payments to Master Lease Program	2,102,175
2014	Data Center Consolidation	32,854,922
2014	Seat Management Services (PCs, Laptops, & Servers)	11,763,050
2014	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	4,921,304
2014	Enterprise Telecommunication Enhancements	12,438,387
2014	Enterprise Info and Asset Management (Data Warehouse)	28,503,702
2014	Texas Integrated Eligibility Redesign System	69,153,846
2014	Medicaid Eligibility and Health Information System	6,006,129



**Capital Projects at Health and Human Services Agencies  
Appropriation Years 2012 through 2015**

Appropriation Year	Capital Project (as specified in the General Appropriations Act)	Amount
2014	Implement Information Security Improvements & Application Provisioning Enhancements	4,049,500
2014	Upgrade Health and Human Services Accounting System (HHSAS) Financials - Hardware Remediation (HHS Agencies)	1,293,155
2014	Secure Mobile Infrastructure and Enterprise Communications	5,426,196
2014	Winters Data Center Infrastructure Upgrade	4,000,000
2014	IT Systems for State-Operated Facilities	1,539,925
2014	Case Management System for Office of Inspector General (OIG)	4,335,202
2014	Balancing Incentives Program (BIP) - Implement IT Enhancement to Support No Wrong Door Eligibility	24,270,000
2014	Balancing Incentives Program (BIP)-Secure Provider Web Portal	1,300,000
2014	Balancing Incentives Program (BIP) - Changes to Your Texas Benefits for Children with Special Needs	1,425,000
2014	Balancing Incentives Program (BIP)-Changes to Your Texas Benefits	10,575,000
2014	Facility Support Services - Fleet Operations	546,637
2014	Improve Security Infrastructure for Regional HHS Client Delivery Facilities	1,527,000
2014	Texas Integrated Eligibility Redesign System (TIERS) Lease Payments to Master Lease Program	2,572,531
2015	Data Center Consolidation	33,527,595
2015	Seat Management Services (PCs, Laptops, & Servers)	11,718,754
2015	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	95,312
2015	Enterprise Telecommunication Enhancements	12,391,056
2015	Enterprise Info and Asset Management (Data Warehouse)	28,128,317
2015	Texas Integrated Eligibility Redesign System	54,027,582
2015	Medicaid Eligibility and Health Information System	2,782,337
2015	Implement Information Security Improvements & Application Provisioning Enhancements	1,988,000
2015	Upgrade Health and Human Services Accounting System (HHSAS) Financials - Hardware Remediation (HHS Agencies)	323,467
2015	Case Management System for Office of Inspector General (OIG)	2,813,528
2015	Balancing Incentives Program (BIP) - Implement IT Enhancement to Support No Wrong Door Eligibility	8,090,000
2015	Balancing Incentives Program (BIP) - Changes to Your Texas Benefits for Children with Special Needs	475,000
2015	Balancing Incentives Program (BIP)-Changes to Your Texas Benefits	3,525,000
2015	Facility Support Services - Fleet Operations	463,751
2015	Texas Integrated Eligibility Redesign System (TIERS) Lease Payments to Master Lease Program	1,937,913
<b>Subtotal for Health and Human Services Commission</b>		<b>\$ 691,532,669</b>

**Capital Projects at Health and Human Services Agencies  
Appropriation Years 2012 through 2015**

Appropriation Year	Capital Project (as specified in the General Appropriations Act)	Amount
<b>Department of State Health Services</b>		
2012	Laboratory - Bond Debt Service	\$ 2,866,609
2012	Repair and Renovation of Mental Health Hospitals - SJR 65/SB 2033 <sup>a</sup>	13,200,000
2012	Critical Repairs to Moreton Building <sup>a</sup>	20,000,000
2012	Information Systems Improvement	12,092,440
2012	Women, Infants and Children (WIC) PC Replacement	2,948,700
2012	Laboratory Equipment	3,090,419
2012	Seat Management	6,130,414
2012	Payment of Master Lease Purchase Program (MLPP) - Energy Conservation-Mental Health	3,123,666
2012	Lease Payments to Master Lease Purchase Program (MLPP) Mental Health Facilities Equipment	222,468
2012	Lease Payments to Master Lease Purchase Program (MLPP) Communications Equip	184,809
2012	Lease Payments to Master Lease Purchase Program (MLPP) Vehicles	424,077
2012	IT Accessibility	1,079,943
2012	Critical Information Technology Items - Mental Health Hospitals <sup>a</sup>	1,660,000
2012	Healthcare Associated Infections (HAI) Reporting System <sup>a</sup>	303,904
2012	Enhance Registries	4,223,585
2012	Security Improvements	1,200,000
2012	Upgrade Pharmacy/Medication Applications - Mental Health Hospitals	1,216,320
2012	Critical Equipment for Hospitals <sup>a</sup>	6,635,262
2012	Mental Health Hospitals - Consolidated Laundry Operations <sup>a</sup>	77,604
2012	Mobile Disaster Response Unit <sup>a</sup>	125,000
2012	Data Center Consolidation	9,017,146
2013	Laboratory - Bond Debt Service	2,874,719
2013	Information Systems Improvement	27,098,228
2013	Women, Infants and Children (WIC) PC Replacement	2,954,800
2013	Laboratory Equipment	1,731,179
2013	Seat Management	5,508,989
2013	Payment of Master Lease Purchase Program (MLPP) - Energy Conservation-Mental Health	3,099,415
2013	Lease Payments to Master Lease Purchase Program (MLPP) Communications Equip	123,333
2013	Lease Payments to Master Lease Purchase Program (MLPP) Vehicles	90,541
2013	IT Accessibility	1,079,943
2013	Enhance Registries	250,000
2013	Security Improvements	1,200,000

**Capital Projects at Health and Human Services Agencies  
Appropriation Years 2012 through 2015**

Appropriation Year	Capital Project (as specified in the General Appropriations Act)	Amount
2013	Upgrade Pharmacy/Medication Applications - Mental Health Hospitals	1,216,320
2013	Data Center Consolidation	8,794,922
2014	Laboratory - Bond Debt Service	2,873,125
2014	North Texas State Hospital - Victory Field Repair and Renovation <sup>a</sup>	4,429,436
2014	State Hospitals - Repair and Renovation <sup>a</sup>	10,000,000
2014	Information Systems Improvement	28,068,228
2014	Women, Infants and Children (WIC) PC Replacement	4,109,165
2014	Laboratory Equipment	2,491,168
2014	Seat Management	6,120,652
2014	Lease payment to Master Lease Purchase Program (MLPP) - Mental Health - Energy Conservation	2,885,463
2014	IT Accessibility	1,079,943
2014	Critical Information Technology Items - Mental Health State Hospitals	1,660,000
2014	Enhance Registries	3,461,999
2014	Information Technology Security Improvements	1,200,000
2014	Capital Equipment for Mental Health Facilities	6,888,522
2014	Balancing Incentives Program (BIP): Level 1 Screening Tool	325,000
2014	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	288,649
2014	Improve Client Assignment and Registration System (CARE) Systems - Enterprise	3,500,000
2014	State Hospital Patient Safety and Operations - Cameras	6,381,000
2014	Vehicles Replacement	1,829,927
2014	Data Center Consolidation	16,378,529
2015	Laboratory - Bond Debt Service	2,871,875
2015	Information Systems Improvements	13,668,938
2015	Women, Infants and Children (WIC) PC Replacement	4,010,165
2015	Laboratory Equipment	1,515,692
2015	Seat Management	5,976,952
2015	Lease payment to Master Lease Purchase Program (MLPP) - Mental Health - Energy Conservation	2,867,584
2015	IT Accessibility	1,079,943
2015	Enhance Registries	344,000
2015	Information Technology Security Improvements	1,200,000
2015	Balancing Incentives Program (BIP): Level 1 Screening Tool	217,000
2015	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	707,914
2015	Improve Client Assignment and Registration System (CARE) Systems - Enterprise	3,500,000

**Capital Projects at Health and Human Services Agencies  
Appropriation Years 2012 through 2015**

Appropriation Year	Capital Project (as specified in the General Appropriations Act)	Amount
2015	Vehicles Replacement	220,579
2015	Data Center Consolidation	16,851,911
<b>Subtotal for Department of State Health Services</b>		<b>\$ 304,848,114</b>
<b>Department of Aging and Disability Services</b>		
2012	Repairs of State Owned Bond Homes and State Supported Living Centers	\$ 3,352,186
2012	Lease of Personal Computers	3,965,874
2012	Software Licenses	1,701,400
2012	Service Authorization System (SAS)/Client Assignment and Registration System (CARE) Consolidation	4,909,368
2012	Messaging and Collaboration	1,605,939
2012	Telecommunications Enhancements	1,082,445
2012	Community Service Database Portal Design	1,500,000
2012	Security Improvements	290,000
2012	Vehicle Replacement for State Supported Living Centers-Paratransit/Wheelchair	1,271,365
2012	Payment of Master Lease Purchase Program (MLPP) - Utility Savings/Energy Conservation	3,305,939
2012	Payment of Master Lease Purchase Program (MLPP) - Transportation	271,914
2012	Data Center Consolidation	3,158,668
2013	Repairs of State Owned Bond Homes and State Supported Living Centers	15,185,518
2013	Lease of Personal Computers	3,995,874
2013	Software Licenses	1,701,400
2013	Service Authorization System (SAS)/Client Assignment and Registration System (CARE) Consolidation	814,433
2013	Messaging and Collaboration	1,605,939
2013	Community Service Database Portal Design	1,500,000
2013	Security Improvements	914,216
2013	Vehicle Replacement for State Supported Living Centers-Paratransit/Wheelchair	1,227,366
2013	Payment of Master Lease Purchase Program (MLPP) - Utility Savings/Energy Conservation	2,387,101
2013	Payment of Master Lease Purchase Program (MLPP) - Transportation	127,751
2013	Data Center Consolidation	3,475,079
2014	Repair and Renovations for State Supported Living Centers (SSLCs)	17,000,000
2014	Repairs of State Owned Bond Homes Leased to Community Centers	352,186
2014	Lease of Personal Computers	3,965,874
2014	Software Licenses	1,701,400
2014	Messaging and Collaboration	1,605,939
2014	Vehicle Replacement for State Supported Living Centers	1,550,000
2014	Payment of Master Lease Purchase Program (MLPP) - Utility Savings or Energy Conservation	2,807,656

Capital Projects at Health and Human Services Agencies Appropriation Years 2012 through 2015		
Appropriation Year	Capital Project (as specified in the General Appropriations Act)	Amount
2014	Payment for Master Lease Purchase Program (MLPP) for Transportation Items for State Supported Living Centers	230,388
2014	Replacement of Furniture & Equipment for State Supported Living Centers (SSLCs)	2,527,150
2014	Development and Maintenance of a Contract Monitoring Tool	144,500
2014	Regulatory Services System Automation Modernization	2,452,301
2014	Electronic Health Records for State Supported Living Centers	9,499,360
2014	Additional Computers for State Supported Living Centers	525,000
2014	Statewide Video Conferencing for State Supported Living Centers	829,000
2014	Balancing Incentives Program (BIP)-Secure Web Portal	700,000
2014	Balancing Incentives Program (BIP)-Level 1 Screening Tool	3,200,000
2014	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	238,126
2014	Improve Client Assignment and Registration System (CARE) Systems	7,000,000
2014	Implement Information Security Improvements & Application Provisioning Enhancements	1,297,191
2014	Balancing Incentives Program (BIP)-IDD Comprehensive Assessment Instrument	1,000,000
2014	Licensing & Regulation of Prescribed Pediatric Extended Care Centers	336,452
2014	Data Center Consolidation	3,749,727
2015	Repairs of State Owned Bond Homes Leased to Community Centers	352,185
2015	Lease of Personal Computers	3,995,874
2015	Software Licenses	1,701,400
2015	Messaging and Collaboration	1,605,939
2015	Vehicle Replacement for State Supported Living Centers	1,550,000
2015	Payment of Master Lease Purchase Program (MLPP) - Utility Savings or Energy Conservation	2,789,975
2015	Payment for Master Lease Purchase Program (MLPP) for Transportation Items for State Supported Living Centers	228,336
2015	Replacement of Furniture & Equipment for State Supported Living Centers (SSLCs)	978,666
2015	Regulatory Services System Automation Modernization	2,128,902
2015	Electronic Health Records for State Supported Living Centers	9,655,027
2015	Additional Computers for State Supported Living Centers	525,000
2015	Statewide Video Conferencing for State Supported Living Centers	259,000
2015	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	584,007
2015	Implement Information Security Improvements & Application Provisioning Enhancements	1,297,191
2015	Balancing Incentives Program (BIP)-IDD Comprehensive Assessment Instrument	1,000,000
2015	Data Center Consolidation	4,011,391
<b>Subtotal for Department of Aging and Disability Services</b>		<b>\$ 154,724,918</b>
<b>Department of Family and Protective Services</b>		
2012	Desktop Services Lease for Computer Hardware and Software	\$ 4,044,776

**Capital Projects at Health and Human Services Agencies  
Appropriation Years 2012 through 2015**

Appropriation Year	Capital Project (as specified in the General Appropriations Act)	Amount
2012	Information Management Protecting Adults and Children in Texas (IMPACT) Operational Enhancement	1,509,174
2012	Tablet PCs for Mobile Casework	7,292,109
2012	Software Licenses	1,975,387
2012	National Youth in Transition Database	243,482
2012	Community Living Assistance and Support Services (CLASS) Operational Enhancements	500,000
2012	Data Center Consolidation	2,964,318
2013	Desktop Services Lease for Computer Hardware and Software	4,044,776
2013	Information Management Protecting Adults and Children in Texas (IMPACT) Operational Enhancement	1,509,174
2013	Tablet PCs for Mobile Casework	7,292,109
2013	Software Licenses	1,975,387
2013	National Youth in Transition Database	243,482
2013	Community Living Assistance and Support Services (CLASS) Operational Enhancements	500,000
2013	Data Center Consolidation	2,887,793
2014	Computer Devices Lease Payments	10,446,191
2014	Information Management Protecting Adults and Children in Texas (IMPACT) Upgrades	1,850,737
2014	Software Licenses	2,270,009
2014	Community Living Assistance and Support Services (CLASS) Upgrades	500,000
2014	Child Protective Services (CPS) Alternative Response to Intakes	1,732,354
2014	Adult Protective Services (APS) Risk Assessment Tool	1,364,180
2014	Casework System Modernization and Accessibility	7,137,657
2014	Data Center Consolidation	3,553,514
2015	Computer Devices Lease Payments	10,030,890
2015	Information Management Protecting Adults and Children in Texas (IMPACT) Upgrades	1,752,656
2015	Software Licenses	2,278,594
2015	Community Living Assistance and Support Services (CLASS) Upgrades	500,000
2015	Casework System Modernization and Accessibility	13,787,657
2015	Data Center Consolidation	3,742,736
<b>Subtotal for Department of Family and Protective Services</b>		<b>\$ 97,929,142</b>
<b>Department of Assistive and Rehabilitative Services</b>		
2012	Building Maintenance	\$ 639,000
2012	Seat Management Services	2,000,000
2012	Data Center Consolidation	2,775,709
2013	Building Maintenance	390,800
2013	Seat Management Services	2,000,000
2013	Data Center Consolidation	2,704,116

Capital Projects at Health and Human Services Agencies Appropriation Years 2012 through 2015		
Appropriation Year	Capital Project (as specified in the General Appropriations Act)	Amount
2014	Building Maintenance	345,000
2014	Seat Management Services	2,000,000
2014	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	35,690
2014	Data Center Consolidation	2,949,136
2014	Establish and Refurbish Food Service Facilities	200,000
2015	Building Maintenance	335,000
2015	Seat Management Services	2,000,000
2015	Compliance with Federal HIPAA (Health Insurance Portability and Accountability Act) Regulations	87,528
2015	Data Center Consolidation	3,079,969
2015	Establish and Refurbish Food Service Facilities	200,000
<b>Subtotal for Department of Assistive and Rehabilitative Services</b>		<b>\$ 21,741,948</b>
<b>Total for All Health and Human Services Agencies</b>		<b>\$1,270,776,791</b>
<sup>a</sup> The agency had unexpended balance authority for that project in the following appropriation year. Auditors considered that project as part of the total count of 236 capital projects.		

Sources: General Appropriations Acts for the 2012-2013 and 2014-2015 biennia.

## Capital Budgets at Health and Human Services Agencies

Table 2 presents information on the State's health and human services agencies' capital budgets (by agency) for appropriation years 2012 through 2015.

Table 2

Health and Human Services Agencies' Capital Budgets by Agency Appropriation Years 2012 through 2015						
Agency	Appropriation Year 2012	Appropriation Year 2013	Appropriation Year 2014	Appropriation Year 2015	Totals	Percent of Total
Health and Human Services Commission	\$ 174,926,127	\$ 125,817,444	\$ 228,501,486	\$ 162,287,612	\$ 691,532,669	54.4%
Department of State Health Services	89,822,366	56,022,389	103,970,806	55,032,553	304,848,114	24.0%
Department of Aging and Disability Services	26,415,098	32,934,677	62,712,250	32,662,893	154,724,918	12.2%
Department of Family and Protective Services	18,529,246	18,452,721	28,854,642	32,092,533	97,929,142	7.7%
Department of Assistive and Rehabilitative Services	5,414,709	5,094,916	5,529,826	5,702,497	21,741,948	1.7%
<b>Totals</b>	<b>\$315,107,546</b>	<b>\$238,322,147</b>	<b>\$429,569,010</b>	<b>\$287,778,088</b>	<b>\$1,270,776,791</b>	<b>100.0%</b>

Sources: General Appropriations Acts for the 2012-2013 and 2014-2015 biennia.

Table 3 presents information on the State's health and human services agencies' capital budgets (summarized by purpose) for appropriation years 2012 through 2015.

Table 3

Health and Human Services Agencies' Capital Budgets by Purpose Appropriation Years 2012 through 2015						
Purpose	Appropriation Year 2012	Appropriation Year 2013	Appropriation Year 2014	Appropriation Year 2015	Totals	Percent of Total
Acquisition of Information Technology Resources	\$ 254,197,729	\$ 208,982,249	\$ 302,645,993	\$ 210,252,930	\$ 976,078,901	76.8%
Data Center Consolidation	0	0	59,485,828	61,213,602	120,699,430	9.5%
Repair or Rehabilitation of Buildings and Facilities	37,191,186	15,576,318	32,126,622	687,185	85,581,311	6.7%
Acquisition of Capital Equipment and Items	9,928,285	1,731,179	20,561,477	3,158,109	35,379,050	2.8%
Other Lease Payments to the Master Lease Program	9,652,372	7,930,316	8,496,038	7,823,808	33,902,534	2.7%
Construction of Buildings and Facilities	2,866,609	2,874,719	2,873,125	2,871,875	11,486,328	0.9%
Transportation Items	1,271,365	1,227,366	3,379,927	1,770,579	7,649,237	0.6%
<b>Totals</b>	<b>\$315,107,546</b>	<b>\$238,322,147</b>	<b>\$429,569,010</b>	<b>\$287,778,088</b>	<b>\$1,270,776,791</b>	<b>100.0%</b>

Sources: General Appropriations Acts for the 2012-2013 and 2014-2015 biennia.



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### **Office of the Governor**

The Honorable Greg Abbott, Governor

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Mr. Chris Traylor, Executive Commissioner

### **Department of Aging and Disability Services**

Mr. Jon Weizenbaum, Commissioner

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