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An Audit Report on

# **The General Land Office's Use of Appropriations for the Alamo Complex**

January 2021  
Report No. 21-009



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## Overall Conclusion

The General Land Office (Office) followed applicable requirements while using the funds it was appropriated for the preservation and maintenance of the Alamo Complex in San Antonio.

**Remaining Appropriations.** For fiscal years 2016 through 2021, the Texas Legislature appropriated the Office \$136.0 million to preserve and maintain the Alamo Complex. As Figure 1 shows, the Office had \$46.4 million in remaining appropriations as of October 31, 2020.

Figure 1

The Office's Appropriations for the Alamo Complex		
	\$135,953,644	Alamo Complex Appropriations
-	\$81,820,040	Expenditures
-	\$7,914,201	Outstanding Obligations
+	\$183,857	Accounts Receivable Balance
	\$46,403,260	Total Remaining Appropriations

**Future Plans.** In October 2020, the Office created a budget plan that identified planned Alamo Complex projects and their estimated costs. Those planned projects were for the purpose of implementing the Alamo Master Plan, which describes the future vision, including preservation, of the Alamo Complex.

**Expenditures.** Most of the \$81.8 million that the Office spent were for (1) planning and design services, (2) management of the Alamo Complex, and (3) purchase of property in the Alamo Complex.

**Accounts Receivable.** In addition to its remaining appropriations, the Office had an accounts receivable balance totaling \$183,857 for prior payments to two contractors. The Office did not record part of that balance in its accounting system. In addition, it did not invoice one contractor for more than two years or maintain supporting documentation showing how the other contractor used the advance funds the Office provided.

### General Land Office Background for the Alamo Complex

In 2011, the Texas Legislature granted the General Land Office (Office) jurisdiction of the Alamo Complex. The Office is responsible for the preservation, maintenance, and restoration of the Alamo Complex and its contents, as well as the protection of the historical and architectural integrity of the exterior, interior, and grounds.

**Alamo Complex.** The Alamo Complex consists of the historic area in San Antonio of the Alamo Church, Long Barrack, historic Alamo Plaza, Alamo Plaza buildings (includes the Crockett, Palace, Woolworth buildings), 1936 garden, Alamo Gift Museum, and the Alamo Hall and Alamo Research Library.

The Office contracts with a non-profit corporation, Alamo Trust Inc., to run the day-to-day management and operations of the Alamo Complex and assist with implementing the Alamo Master Plan.

**Alamo Master Plan.** The Alamo Master Plan was developed in September 2017 to conduct a comprehensive needs assessment for the preservation and maintenance of the Alamo Complex, including necessary repairs. In addition, the plan identified the future vision of the Alamo Complex and an evaluation of the costs related to recommendations for that future.

Sources: Texas Natural Resources Code, Chapter 31, the General Appropriations Act (84th Legislature), Alamo Master Plan, and the Office's contract with Alamo Trust Inc.

This audit was conducted in accordance with Texas Government Code, Sections 321.0131 and 321.0132.

For more information regarding this report, please contact James Timberlake, Audit Manager, or Lisa Collier, First Assistant State Auditor, at (512) 936-9500.

**Alamo Complex Projects.** The Office implemented adequate monitoring controls of Alamo Complex projects to verify compliance with contract requirements. In addition, it provided support for the status of all 12 projects the Office is funding related to the implementation of the Alamo Master Plan.

**Information Technology.** The Office had logical access controls over the Statewide Uniform Accounting System (USAS), which it uses to record its accounting information. Additionally, the Office had implemented general and application controls over its procurement system, BuySpeed.

**Alamo Project Challenges.** The Office encountered several challenges to completing various Alamo Complex projects within the initial timelines. Primarily, those challenges were caused by (1) the denial of a request for a permit to move the Alamo Cenotaph Monument (Cenotaph) to another location and (2) the discovery of human remains during excavation in the Alamo Church within the Alamo Complex.

Table 1 presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 1

Summary of Chapters and Related Issue Ratings		
Chapter	Title	Issue Rating <sup>a</sup>
1	The Office Prepared a Budget Plan Identifying Planned Projects for Certain Remaining Appropriations; However, It Should Strengthen Certain Processes for Accounts Receivables	Medium
2	The Office Used Appropriations for the Alamo Complex; However, It Should Ensure That Expenditures Are Paid for the Correct Amount and Reassess Its Practice of Charging Indirect Costs	Medium
3	The Office Monitored Its Alamo Complex Projects and Provided Support for the Status of All Alamo Master Plan Projects	Low
4	The Office Had Appropriate Information Technology Controls Over USAS and the Office's Procurement System	Low
5	There Are Several Challenges for the Office's Alamo Complex Projects' Objectives and Associated Timelines	Not Rated

<sup>a</sup> A chapter is rated **Priority** if the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.

A chapter is rated **High** if the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

A chapter is rated **Medium** if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

A chapter is rated **Low** if the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Auditors communicated a less significant issue separately in writing to Office management.

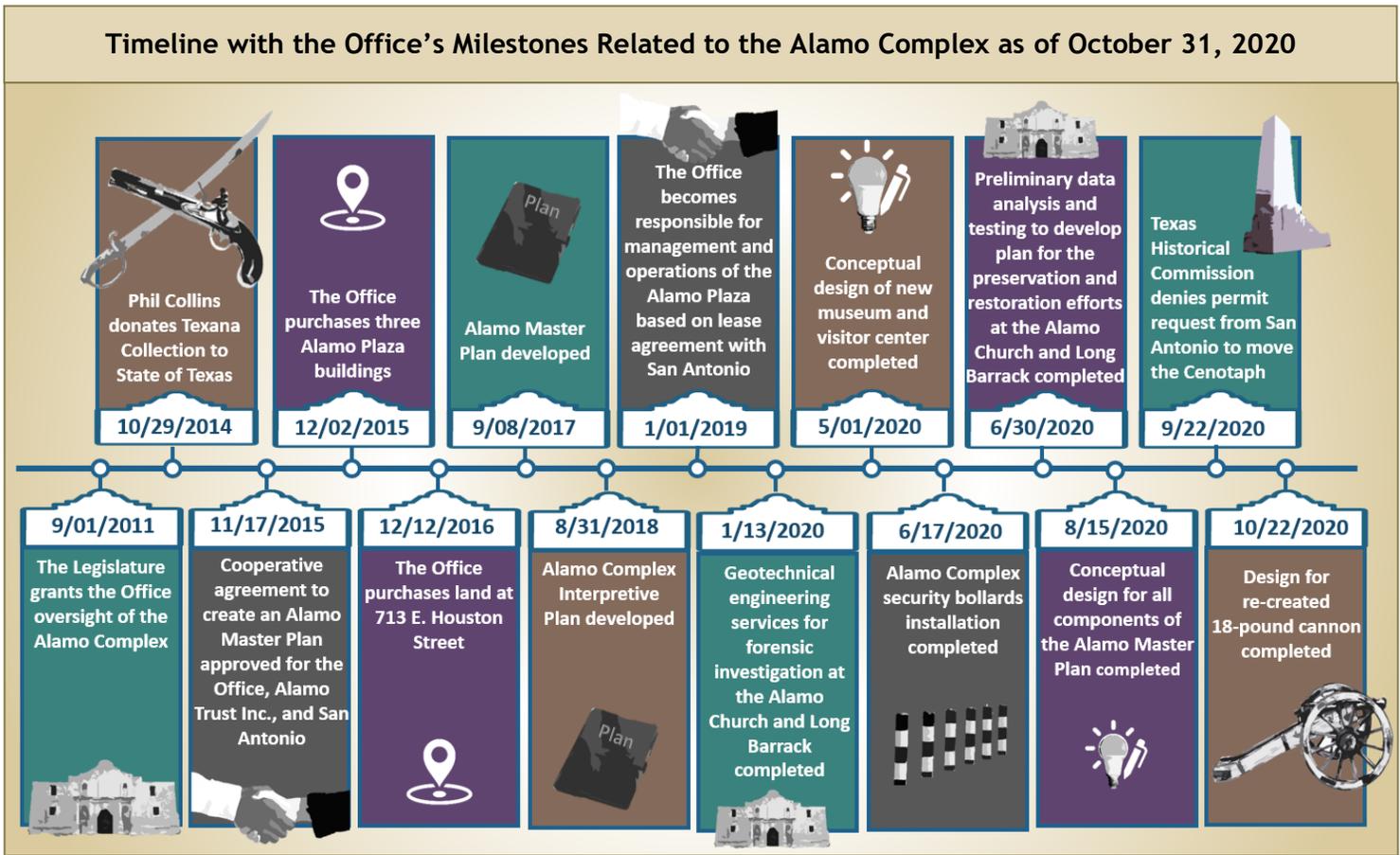
## Background on the Alamo Complex

The Alamo Complex is located in downtown San Antonio. There are three entities responsible for its current and future preservation and maintenance:

- **The Office**—has jurisdiction of the Alamo Complex and is responsible for the preservation, maintenance, and restoration of the Alamo Complex and its contents, as well as the protection of the historical and architectural integrity of the exterior, interior, and grounds.
- **City of San Antonio**—owns the Alamo Plaza area and is responsible for regulating the development surrounding the area.
- **Alamo Trust Inc.**—a non-profit, tax-exempt corporation organized for charitable and educational purposes to assist the Office in the preservation, management, education, maintenance, operation, and restoration of the Alamo Complex.

Figure 2 provides a timeline of important milestones related to the Office and its responsibility for the Alamo Complex.

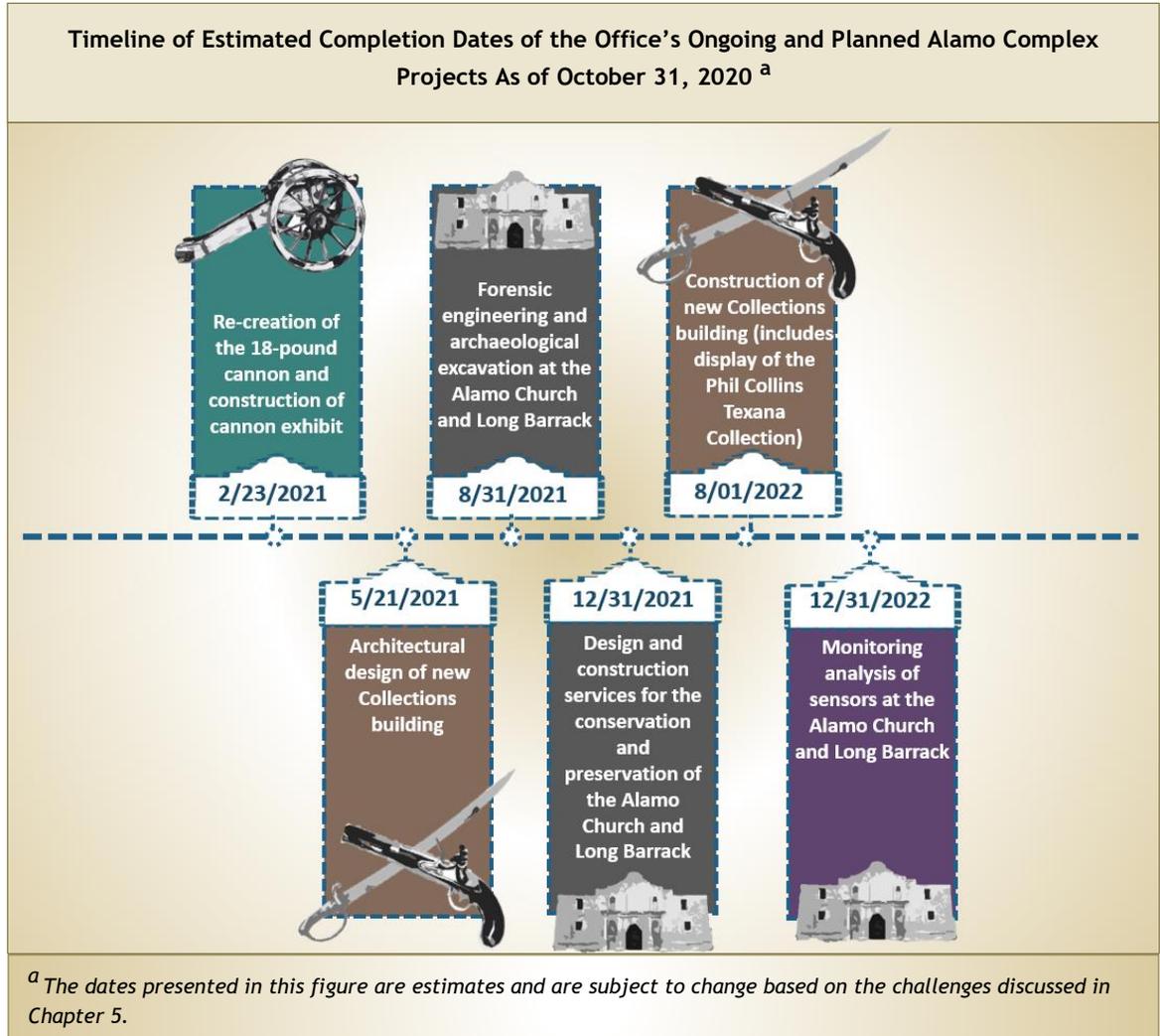
Figure 2



Sources: Texas Natural Resources Code, Section 31.451; cooperative and lease agreements; land and property deeds; contract deliverable reports, and other contract supporting documentation.

Figure 3 provides a timeline of the estimated completion dates of the Office's ongoing and planned Alamo Complex projects.

Figure 3



Source: The Office's project schedules.

## Summary of Management's Response

At the end of certain chapters in this report, auditors made recommendations to address the issues identified during this audit. The Office stated that it agreed with the recommendations in this report.

After review and consideration of the Office's responses, auditors included a follow-up comment on pages 5-6 to provide clarification regarding the amount for outstanding obligations in the report.

## ***Audit Objectives and Scope***

The objectives of this audit were to:

- Determine whether the Office's use of appropriations for the preservation and maintenance of the Alamo Complex followed applicable requirements. This will include a review of select expenditure categories.
- Identify selected financial information related to the appropriations to the Office for the Alamo Complex, including:
  - Expenditures.
  - Budget plan for remaining appropriations.
  - Remaining appropriation and accounts receivable balances.
- Report on the Office's current objectives and timelines for the completion of the Alamo Complex project and identify any related threats to the objectives and timeline.

The scope of this audit covered the Office's processes and controls related to expenditures and other financial information for the preservation and maintenance of the Alamo Complex; Alamo Complex contracts, timelines, future plans; and contract monitoring documentation from September 1, 2015, through October 31, 2020.

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# Detailed Results

Chapter 1

## The Office Prepared a Budget Plan Identifying Planned Projects for Certain Remaining Appropriations; However, It Should Strengthen Certain Processes for Accounts Receivables

**Chapter 1  
Rating:**  
Medium <sup>1</sup>

For fiscal years 2016 through 2021, the Texas Legislature appropriated the General Land Office (Office) a total of \$136.0 million to preserve and maintain the Alamo Complex in San Antonio. That amount includes \$75.0 million appropriated in fiscal year 2018 to implement the Alamo Master Plan, which includes five main goals for the future of the Alamo Complex (see Chapter 3 for more information about those goals). As of October 31, 2020, the Office (1) had spent \$81.8 million, (2) had \$7.9 million in outstanding obligations related to 10 ongoing contracts, including design services for Alamo Complex projects and a lease agreement, and (3) had a \$183,857 accounts receivable balance. As a result, the Office had \$46.4 million in remaining appropriations (see Figure 4).

Figure 4

Remaining Alamo Complex Appropriations as of October 31, 2020	
	
<b>Total Alamo Complex Appropriations</b>	<b>\$135,953,644<sup>a</sup></b>
<b>Total Expenditures</b>	- <b>\$81,820,040</b>
<b>Outstanding Obligations</b>	- <b>\$7,914,201<sup>b</sup></b>
<b>Accounts Receivable Balance</b>	+ <b>\$183,857</b>
<b>Total Remaining Appropriations</b>	<b>\$46,403,260</b>

<sup>a</sup> This amount includes actual revenues deposited in the Alamo Complex Account Fund as of October 31, 2020, rather than the estimated revenues to be earned from the Alamo Complex allocated in the General Appropriations Acts for the 84th, 85th, and 86th Legislatures. This amount also includes regular appropriations in the General Appropriations Acts, which are not estimated, through the end of fiscal year 2021 (August 31, 2021).

<sup>b</sup> The total outstanding obligations amount does not include any outstanding obligations for operational costs to the Alamo Complex operator because payments for those costs are based on a management fee structure that fluctuates based on total funds deposited into the Alamo Complex Account during the preceding month less costs for the property manager of the Alamo Plaza buildings. The Office paid the Alamo Complex operator \$3,984,407 between September 1, 2019, and October 31, 2020. In addition, total outstanding obligations does not include planned contracts or amendments that have not been executed as of October 31, 2020.

Sources: General Appropriations Acts (84th, 85th, and 86th Legislatures) for appropriations; Uniform Statewide Accounting System data for expenditures and revenues; contract amounts less expenditures for outstanding obligations; and the Office's accounts receivable tracking sheet and related contracts for accounts receivables.

<sup>1</sup> The risk related to the issues discussed in Chapter 1 is rated as Medium because issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

Currently, there are two main sources of revenue related to the Alamo Complex that include appropriations from (1) the *Economic Stabilization Fund* (fund 0599) for Alamo Complex projects to implement the Alamo Master Plan, and (2) the *Alamo Complex Account Fund* (fund 5152) for maintenance and operation of the Alamo Complex. Figure 5 shows the components for the remaining appropriations (as noted in Figure 4) by fund.

Figure 5

Alamo Complex Remaining Appropriations by Fund as of October 31, 2020					
	General Revenue Fund (0001)	Alamo Complex Account Fund (5152)	Economic Stabilization Fund (0599)	License Plate Trust Fund (0802)	Total
Appropriations	\$31,500,000	\$29,425,483 <sup>a</sup>	\$75,008,961	\$19,200	\$135,953,644
Expenditures	— \$28,952,744	\$24,300,883	\$28,566,413	\$0	\$81,820,040
Outstanding Obligations	— \$0	\$308,187 <sup>b</sup>	\$7,606,014 <sup>c</sup>	\$0	\$7,914,201
Accounts Receivable	+ \$0	\$183,857	\$0	\$0	\$183,857
<b>Total Remaining Appropriations</b>	<b>= \$2,547,256</b>	<b>\$5,000,270</b>	<b>\$38,836,534</b>	<b>\$19,200</b>	<b>\$46,403,260</b>

<sup>a</sup> This amount includes actual revenues deposited in the Alamo Complex Account Fund as of October 31, 2020, rather than the estimated total revenues included in the General Appropriations Acts for the 84th, 85th, and 86th Legislatures.

<sup>b</sup> The total outstanding obligations amount does not include any outstanding obligations for operational costs to the Alamo Complex operator because payments for those costs are based on a management fee structure that fluctuates based on total funds deposited into the Alamo Complex Account during the preceding month less costs for the property manager of the Alamo Plaza buildings. The Office paid the Alamo Complex operator \$3,984,407 between September 1, 2019, and October 31, 2020.

<sup>c</sup> The total outstanding obligations do not include planned contracts or amendments that have not been executed as of October 31, 2020.

Sources: General Appropriations Acts (84th, 85th, and 86th Legislatures) for appropriations; Uniform Statewide Accounting System data for expenditures and revenues; contract amounts less expenditures for outstanding obligations; and the Office's accounts receivable tracking sheet and related contracts for accounts receivables.

**The Office prepared a detailed budget plan that identified planned Alamo Complex projects for remaining Alamo Master Plan appropriations.**

In October 2020, the Office created a budget plan based on its estimate of the remaining Alamo Master Plan appropriations from the Economic Stabilization fund. That budget plan identified funds remaining and prioritized the use of those funds by future planned projects. In that plan, the Office estimated the future costs for the following:

- Design, engineering, and construction of the new Collections building.
- Remaining preservation and restoration of the Alamo Church and Long Barrack.
- Re-creation of an 18-pound cannon.
- Project management expenses.

The Office created the budget plan to assess and prioritize the remaining projects after the Texas Historical Commission denied the permit request to relocate the Alamo Cenotaph Monument (see Chapter 5 for more information about the proposed relocation of the Cenotaph). Texas Natural Resources Code, Section 31.0515, requires the Office to prepare an annual budget and work plan, and the budget plan for the Alamo Complex meets that requirement.

Prior to creating the budget plan, the Office relied on its *Legislative Appropriations Requests*<sup>2</sup> for its budget for all funds for Alamo Complex projects. However, the Office’s *Legislative Appropriations Requests* did not contain project details.

**The Office did not record accounts receivable balances for two contractors in its accounting system, and it did not maintain invoices supporting how one contractor spent advance funds or make timely requests for refunds.**

Typically, the Office pays its contractors for goods or services received and would not have a refund due (which is classified as a “receivable”) from the contractors for prior payments processed. As of October 31, 2020, however, the Office had an accounts receivable balance of \$183,857 for refunds from prior payments it made to two contractors. The Office of the Comptroller of Public Accounts’ guidelines require agencies to record accounts receivables in their accounting system. However, the Office did not record \$98,857 (or 54 percent) of that accounts receivable balance in its accounting system. Specifically:

- The Office paid its property management contractor two separate advances totaling \$140,000 at the start of its contract in 2015. That total included:
  - ♦ An advance for \$85,000 for reoccurring start-up costs that the contractor is required to refund to the Office upon the termination of the contract. The Office tracked this in its accounting system.

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<sup>2</sup> Legislative Appropriations Requests for the General Appropriations Acts (84th, 85th, and 86th Legislatures).

- ♦ An advance of \$55,000 for one-time start-up costs, for which the contractor was required by the contract to submit invoices showing how those funds were spent. In addition, the contractor was required to refund to the Office any amount not spent “as soon as practical.” However, the Office did not have any invoices from the contractor for the \$55,000. Without invoices or other supporting documentation, the Office cannot determine whether the \$55,000 was spent for Alamo Plaza buildings or if it is due a refund from the contractor. In addition, the Office did not record this advance in its accounting system to ensure it was formally tracked and the receivable balance was appropriately reduced when support was received.
- The Office had a \$43,857 receivable balance for the non-profit contractor managing the Alamo Complex that it tracked in a document outside the Office’s accounting system. As of October 31, 2020, the Office had not invoiced that contractor for more than two years for a refund of unallowable expenditures that the Office reimbursed the contractor in error. For example, those expenditures included payments for legal and accounting fees that are not allowed to be reimbursed, according to the Office’s agreement with that contractor. However, the Office deducted the receivable balance from the management fee in November 2020 after auditors requested documentation related to that balance.

## **Recommendations**

The Office should:

- Record all receivables, including advanced funds and refunds due to the Office, in its accounting system.
- Obtain and maintain support for payments associated with its contracts.
- Review its contractors’ expenditures for allowability prior to paying for them.
- Invoice its contractors for receivables in a timely manner.

## Management's Response - General

*The Office agrees with the recommendations and is currently complying with them. The Office will strengthen policies and review policies over the remainder of the fiscal year for areas that can be strengthened to codify current practices and look for ways to reduce human error. Almost all the examples in this audit reflect issues during a unique time period where Texas General Land Office (GLO) staff performed urgent work to improve compliance and functionality of the vendor. While these circumstances are rare, the GLO will look for ways to improve through strengthened policies and procedures in the unlikely event that such a situation ever re-occurs.*

*It is also important to the GLO to point out a distinction with the remaining funds listed in this report. While the numbers listed are factual, they do not represent the amount of funds which are available to cease expending. The Office may have \$46.4 million of remaining appropriations "on paper," however, these funds are largely accounted for and some are required to be used to continue to maintain and operate the Alamo on a daily basis. The actual amount of unobligated funds that the Office has is \$8.6 million in remaining appropriations from the Economic Stabilization Fund (0599) that should be obligated by the end of fiscal year 2021. This report excludes:*

- *The plan's \$15 million designated for the new collections building to house the Phil Collins Alamo Collection. Not using these funds could inhibit the State's ability to retain these artifacts.*
- *\$5 million in the Alamo Complex Account (5152) that is used for daily operations. These funds will likely be used as revenue continues to remain low due to the COVID-19 pandemic.*
- *\$11.6 million in imminent contracts for the Church and Long Barrack restoration.*
- *\$2.4 million in various Alamo Plan approved projects coordinated by Alamo Trust including items such as permanent purchase of fencing to protect the Cenotaph and other areas of the Alamo Complex during protests and other events.*
- *\$500,000 in additional pre-construction project management costs.*

## Auditor Follow-Up Comment

The amount for outstanding obligations in the report represents the actual contract amounts less expenditures. Therefore, auditors did not include anticipated contracts or amendments that had not been executed as of

October 31, 2020. In addition, it does not include outstanding obligations for operational costs to the Alamo Complex operator, because payments for those costs are based on a management fee structure that fluctuates.

### **Management's Response - Specific Recommendations**

#### **Record all receivables, including advanced funds and refunds due to the Office, in its accounting system.**

*The Office agrees with this recommendation and is currently complying with it.*

*In 2015, the Office advanced funds to a vendor due to an urgent need. This is not normal procedure and the Office is currently updating policy to reflect this reality. In the future, advance funds will only be distributed to a vendor in an emergency, as determined by the Chief Clerk, such as the natural disasters that the GLO frequently responds to. All receivables, advanced funds and refunds due to the Office will be booked in the GLO accounting system. While this is current practice, policy will be codified and implemented on April 1, 2021.*

*The second example is a \$43,857 receivable balance associated with the non-profit contractor managing the Alamo Complex that it tracked in a document outside the Office's accounting system. This amount was found as due to the GLO during a thorough review of Alamo finances directed by the Commissioner in January 2018. There was an urgent need for GLO staff to take over the financial functions from the vendor and invoice the vendor for amounts due. This urgent need was tracked on an excel spreadsheet and invoiced in December 2018. The Chief Executive Officer for the vendor disputed the amount. GLO planned to reduce this amount due from the vendor's monthly disbursement, however it was not completed in a timely manner. GLO will strengthen policies around collecting funds that are due but disputed by vendors and implement this policy on April 1, 2021.*

**Implementation: April 1, 2021**

**Contact: Chief Financial Officer**

#### **Obtain and maintain support for payments associated with its contracts.**

*The Office agrees with this recommendation and currently complies with it. The first example given relates to the same urgent need from 2015. This incident involved an advance of \$55,000 for one-time start-up costs associated with the Office's acquisition of three buildings on Alamo Plaza, for which the contractor was required by the contract to submit invoices showing*

*how those funds were spent. While the Office was unable to find proper documentation of the start-up costs, the Office is confident that the funds were used properly based on the vendor's performance. The GLO believes this is an example of human error. The GLO will do a review of current policies to identify if there is a way to strengthen policy to remove such errors in the future. Additionally, this was an error made in calendar year 2015. The agency has long had polices to obtain and maintain support for payments associated with its contracts.*

**Implementation: September 1, 2021**

**Contact: Chief Financial Officer**

**Review its contractors' expenditures for allowability prior to paying for them.**

*The Office agrees with this recommendation and has long followed this practice. The example in this audit reflects a unique situation which led to the \$43,857 due from the vendor. The GLO will do a review of current policies to identify if there is a way to strengthen policy to remove such errors in the future. Additionally, the GLO has strengthened its practices for invoice review at the Alamo since the time this amount due was created. First, in January 2019, the Office began a new, multi-level review process that included staff, the Deputy Chief Financial Officer, and the Chief Financial Officer in the approval process. Second, in July 2019, a new contract structure was put in place on a revenue-based model rather than a reimbursement basis. Some Master Plan expenses remain on a reimbursement basis and are still thoroughly reviewed under procedures implemented in July 2019. Still, the Office will review policies to ensure that these standard practices are codified in policy over the remainder of the fiscal year.*

**Implementation: September 1, 2021**

**Contact: Chief Financial Officer**

**Invoice its contractors for receivables in a timely manner.**

*This recommendation is based on a \$43,857 receivable balance associated with the non-profit contractor managing the Alamo Complex that it tracked in a document outside the Office's accounting system. This amount was found as due to the GLO during a thorough review of Alamo finances directed by the Commissioner in January 2018. There was an urgent need for GLO staff to take over the financial functions from the vendor and invoice the vendor for amounts due. This urgent need was tracked on an excel spreadsheet and invoiced in December 2018. The Chief Executive Officer for the vendor disputed the amount. GLO planned to reduce this amount due from the*

*vendor's monthly disbursement, however it was not completed in a timely manner. GLO will strengthen policies around collecting funds that are due but disputed by vendors and implement this policy on April 1, 2021.*

***Implementation: April 1, 2021***

***Contact: Chief Financial Officer***

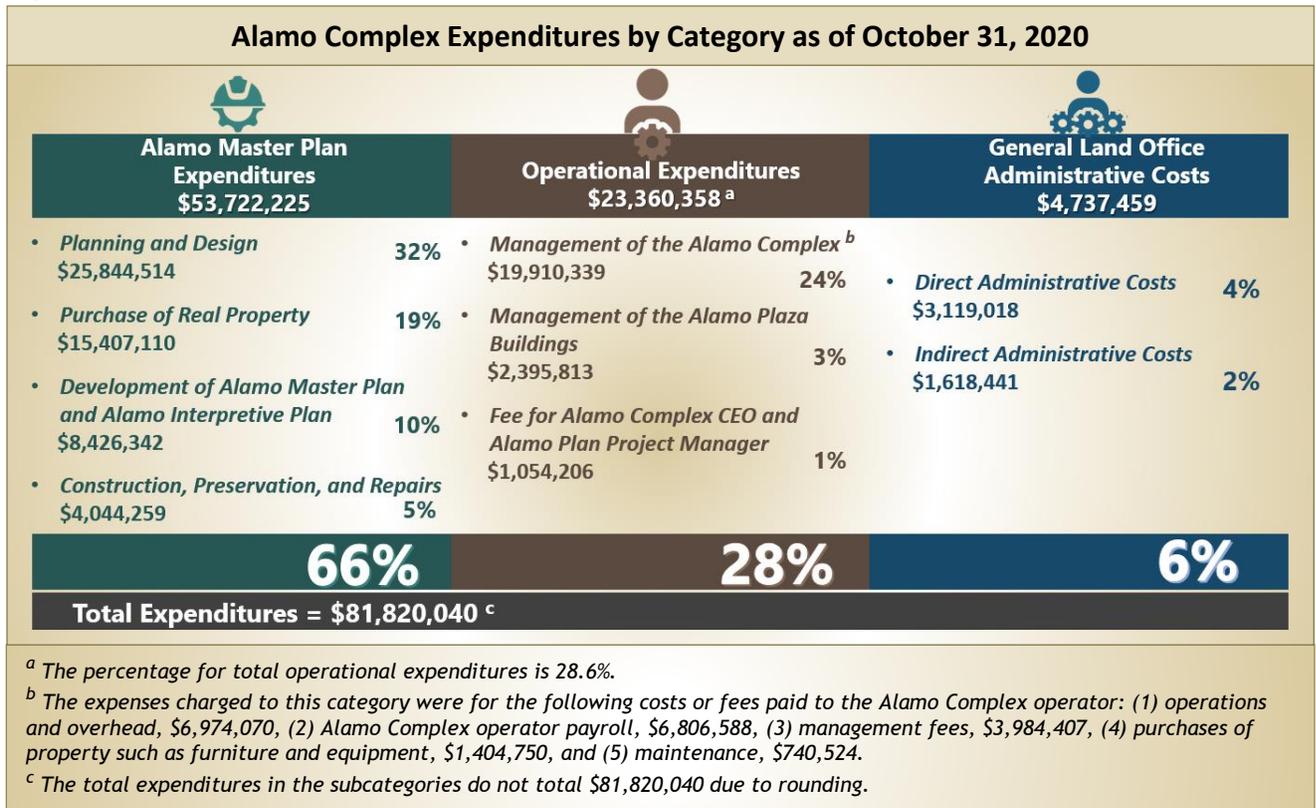
## The Office Used Appropriations for the Alamo Complex; However, It Should Ensure That Expenditures Are Paid for the Correct Amount and Reassess Its Practice of Charging Indirect Costs

**Chapter 2 Rating:**  
Medium <sup>3</sup>

As of October 31, 2020, the Office had expended \$81.8 million of its Alamo Complex appropriations, with most of those expenditures being for (1) planning and design services, (2) management of the Alamo Complex, and (3) the purchase of property in the Alamo Complex.

The Office used its appropriations for allowable purposes as defined in Chapter 31 of the Texas Natural Resources Code and the General Appropriations Acts (84th through 86th Legislatures). The Office has interpreted the requirements governing Alamo Complex appropriations to include indirect costs for administering the program. Figure 6 shows the funds that the Office expended by category of expense.<sup>4</sup>

Figure 6



Sources: Auditors used professional judgment to categorize expenditures using the Uniform Statewide Accounting System’s accounting codes and the Office’s contracts with vendors to identify the scope of services.

<sup>3</sup> The risk related to the issues discussed in Chapter 2 is rated as Medium because issues identified present risks or effects that if not addressed could moderately affect the audited entity’s ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

<sup>4</sup> Auditors used professional judgment to group the amounts in Figure 6 based on object codes and contracts as noted above. As a result, the amounts in Figure 6 are not intended to match the expenditure category totals listed in Table 5 in Appendix 4 because they are grouped differently.

## Expenditures

Auditors tested a total of 90 expenditures, including 30 expenditures selected based on risk and 60 expenditures selected randomly. The Office ensured that those expenditures were supported, accurate, approved, paid in the correct amount, and used for the purposes defined by Chapter 31 of the Texas Natural Resources Code and Rider 16b, page VI-31, General Appropriations Act (85th Legislature). According to those state requirements, funds appropriated for the Alamo Complex must be used only for the preservation, maintenance, and operation of the Alamo Complex (see discussion on next page for more details).

Only one of the expenditures tested was not paid for the correct amount. That expenditure, which auditors selected based on risk, was underpaid by \$2,761. The Office's policies required the Office to review the reimbursement requests to verify that all costs were supported and accurate. At the time the payment for that expenditure was processed, the Office asserted that it had taken over the accounting function from the non-profit contractor managing the Alamo Complex (from January 2018 through July 2019). As a result, the Office was responsible for calculating the amount of payment owed to that same contractor rather than the contractor initially calculating the payment amount itself. This process resulted in a lack of separation of duties between the contractor and the Office.

Additionally, this process resulted in the contractor having a reduced ability to identify any underpayments by the Office. It is important to note that this process was changed in July 2019 when a new contract was executed between the Office and the contractor.

## Indirect Costs

Of the \$81.8 million in Alamo Complex funds the Office expended between September 1, 2015, and October 31, 2020, \$1.6 million (2 percent) were for indirect administrative costs.

Indirect administrative costs do not directly relate to the Alamo Complex, but instead are costs related to the Office's central administrative functions, such as its information technology, finance, and government relations departments.

The Office performs a biannual allocation process to allocate indirect costs to the Alamo Complex. This process consists of the following actions:

- Estimating the total amount of **indirect** costs for the entire Office for the upcoming biennium.

- Identifying the maximum amount of indirect costs each appropriated program will support.
- Allocating indirect costs to each appropriated program equal to or less than the maximum amount identified.
- Charging against the appropriated programs as indirect costs for all payments of goods and services initiated in the central administrative functions.
- Making adjustments to the overall allocations as needed throughout the biennium.

The Office has interpreted the requirements governing Alamo Complex appropriations to include indirect costs for administering the program. Specifically:

- **Alamo Complex Account Fund.** Texas Natural Resources Code, Section 31.454, states that money in the Alamo Complex Account may be used “**only to administer**” the preservation and maintenance of the Alamo program. This statute is referenced in the General Appropriations Acts for the 84th through 86th Legislatures,<sup>5</sup> which state that appropriations for the Alamo Complex are only “**for the purposes authorized**” in the Texas Natural Resources Code.
- **Economic Stabilization Fund.** Rider 16b, page VI-31, General Appropriations Act (85th Legislature) states that funds appropriated for the implementation of the Alamo Master Plan and for the preservation, maintenance, and operation of the Alamo and the Alamo Complex “**may not be transferred or used for any other purpose.**”

The Office began allocating indirect costs to the Alamo Complex in fiscal year 2018.

The Office does not perform an analysis to determine whether costs associated with central administrative functions can be directly attributed to an appropriated program. Instead, the Office considers all expenses incurred by its administrative functions to be indirect.

Of the 90 total expenditures tested, 29 expenditures paid from Alamo Complex appropriations were charged as indirect costs incurred by central administrative functions. Of those 29 expenditures:

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<sup>5</sup> Rider 17, page VI-30, General Appropriations Act (84th Legislature); Rider 16a, page VI-31, General Appropriations Act (85th Legislature); and Rider 16a, page VI-31, General Appropriations Act (86th Legislature).

- Four expenditures appear to directly relate to other programs. For example, copier fees for the Texas State Veterans Cemeteries and travel expenses for meetings to discuss Coastal Barrier System funding options were charged as indirect costs.
- Twenty-five expenditures were for general costs that were not attributable to direct programs.

Charging costs as indirect to the Alamo Complex that could be directly attributed to another program reduces the Office's ability to meet the purposes defined in the Texas Natural Resources Code and General Appropriations Acts for those appropriated funds.

### **Recommendations**

The Office should:

- Ensure that it pays contractor invoices for the correct amount and obtains contractor agreement with any calculations it performs affecting payment amounts.
- Coordinate with the Legislative Budget Board regarding its practice of charging indirect costs to Alamo Complex appropriations.

### **Management's Response**

**Ensure that it pays contractor invoices for the correct amount and obtains contractor agreement with any calculations it performs affecting payment amounts.**

*The example found that prompted this recommendation was due to unique circumstances with the vendor staff that prompted the Office to calculate one reimbursement amount for one of its contractors. This is not a standard practice of the Office and the Office is unaware of any other instance where this occurred.*

*The GLO Chief Financial Officer met with the Chief Executive Officer of Alamo Trust Inc. to discuss all amounts due and the vendor did not dispute the calculation at the time. This also afforded the vendor the opportunity to review all amounts due. The GLO will address this recommendation by reviewing policy to strengthen procedures requiring written acknowledgements of such amounts due in the rare circumstance that GLO calculates reimbursements due to a vendor.*

***Implementation: September 1, 2021***

**Contact: Chief Financial Officer**

**Coordinate with the Legislative Budget Board regarding its practice of charging indirect costs to Alamo Complex appropriations.**

*The Office agrees with this and has always been complying with this practice as evidenced through a request to use funds in such a way in the Legislative Appropriation Request. The GLO does not receive any appropriations for administration such as General Counsel, Financial Management, Contract Management, or Information Technology Support. Instead, the funds that the Office receives are allocated in an equitable manner so that all the different Office program areas pay their fair share for all these indirect costs. This is outlined in Section 7A of the Office's Legislative Appropriation Request, as it has been for several biennia. The Office has never received a question on this but can work with the Legislative Budget Board (LBB), as requested, and has already initiated conversations with the LBB on the matter. Further, the enabling statute for this fund (Tex. Nat. Res. Code § 31.454(e)) states:*

The land office may use money in the account only to administer this subchapter, **including to support** the preservation, repair, renovation, improvement, expansion, equipping, operation, or maintenance of the Alamo complex or to acquire a historical item appropriate to the Alamo complex.

*The Office interprets this to allow the funds to be used for support functions such as the ones mentioned above.*

*Additionally, it should be noted that in fiscal year 2021, the Office is not using any funds from 5152 to pay for support or Indirect Administration. This is not a change in policy. Instead, this is due to the revenue situation at the Alamo resulting from the COVID-19 pandemic. If directed by the legislature or the LBB, the Office could make this permanent. It should be noted that without an additional General Revenue appropriation, the Office would have to increase spending from the Permanent School Fund or the Veterans Land Board funds, or some combination thereof to pay for Indirect Administration (IA) at the agency. Cost allocations are reviewed by federal entities on a regular basis and the agency would not be able to increase the use of Federal Funds to pay for IA. The GLO will work with the LBB and implement any required changes in fiscal year 2022 (as the Office is not using Fund 5152 for IA in fiscal year 2021, due to lower revenues associated with the COVID-19 pandemic).*

**Implementation: September 1, 2021**

**Contact: Senior Director for Budget and Planning**

## The Office Monitored Its Alamo Complex Projects and Provided Support for the Status of All Alamo Master Plan Projects

**Chapter 3  
Rating:**  
Low<sup>6</sup>

The Office implemented adequate monitoring controls of Alamo Complex projects to verify compliance with contract requirements. In addition, it provided support for the status of all projects related to the implementation of the Alamo Master Plan that the Office is funding.

Figure 7 identifies the five Alamo Master Plan goals and the entity or entities responsible for funding each goal. As Figure 7 shows, the Office (“TXGLO” in Figure 7) has all or significant responsibility for goals 1 and 4; it is responsible for only a small portion of the work for goals 2 and 5; and is not responsible for goal 3.

Figure 7



Source: The Alamo Master Plan approved by the Office and the City of San Antonio.

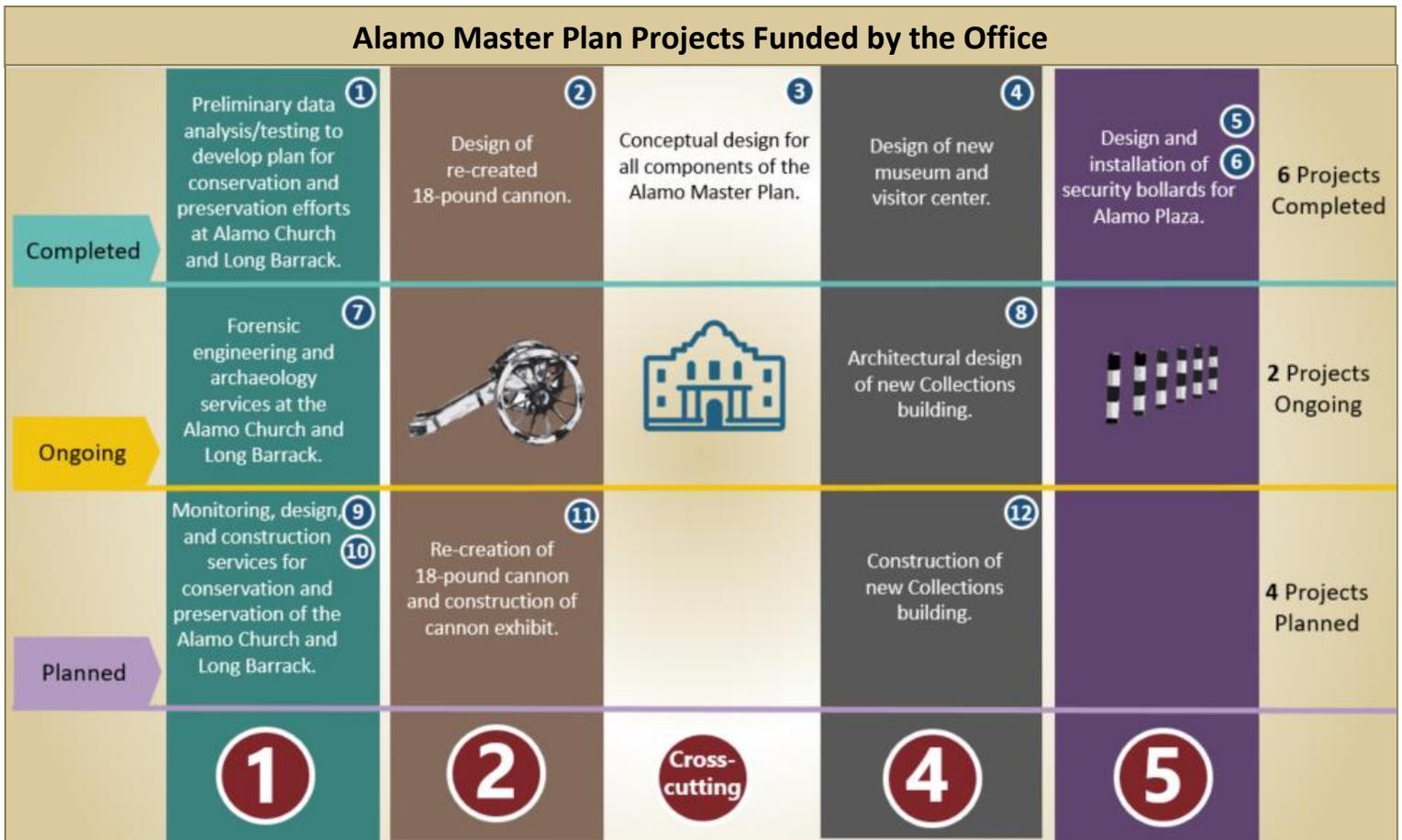
<sup>6</sup> The risk related to the issues discussed in Chapter 3 is rated as Low because the audit identified strengths that support the audited entity’s ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity’s ability to effectively administer the program(s)/function(s) audited.

**Project Monitoring.** The Office monitored the key deliverables for the five contracts tested related to Alamo Complex projects. As part of its monitoring process, the Office (1) periodically met with the contractors, (2) used deliverable tracking documents, (3) obtained and reviewed detailed project schedules, and (4) performed site inspections to verify that goods and services were delivered within the timelines established in the contract.

**Project Status.** Four of the five contracts tested were complete as of October 31, 2020; the other contract was mostly complete and on-schedule to meet the contract deadlines. In addition, the Office provided sufficient support identifying the status of all 12 Alamo Complex projects. Of the total 12 Alamo Complex projects (auditors classified design and construction services as separate projects), 6 were complete, 2 were ongoing, and 4 were future projects as of October 31, 2020.

Figure 8 summarizes the scope of work and status of Alamo Complex projects funded by the Office toward each Alamo Master Plan goal.

Figure 8



<sup>a</sup> As noted in Figure 7, the Office is not responsible for any portion of goal 3 in the Alamo Master Plan.

Sources: The Office’s project schedules, project deliverable reports, final project payments, and budget plan with future projects.

## ***The Office Had Appropriate Information Technology Controls Over USAS and the Office's Procurement System***

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**Chapter 4  
Rating:**  
Low <sup>7</sup>

The Office ensured that logical access controls over its access to the Uniform Statewide Accounting System (USAS), in which the Office records its accounting data, were appropriate. USAS, as the State's accounting system, also had adequate controls related to its change management processes and application controls. The Office's logical access controls to USAS helped to ensure that access was appropriately limited to authorized users and there was proper segregation of duties. Additionally, the application controls required complete and valid values before processing a payment transaction.

In addition, the Office had adequate general and application controls over its procurement system, BuySpeed, including logical access controls to its system and appropriate edit checks for key procurement data. Specifically, the application was configured so that transactions required (1) proper approvals by multiple staff before processing and (2) complete and valid entries before processing a transaction.

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<sup>7</sup> The risk related to the issues discussed in Chapter 4 is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

## ***There Are Several Challenges for the Office's Alamo Complex Projects' Objectives and Associated Timelines***

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The Alamo Master Plan was developed as a comprehensive assessment and plan of the future vision of the Alamo Complex. Both the Office and the City of San Antonio (San Antonio) approved the Alamo Master Plan on June 9, 2017. The implementation of the Alamo Master Plan was expected to be completed by 2024.<sup>8</sup> However, the Office has encountered two primary challenges for completing its Alamo Complex projects within expected timelines.

### **The Texas Historical Commission denied San Antonio's request for a permit to relocate the Alamo Cenotaph Monument (Cenotaph).**

According to the Office, part of the Alamo Master Plan relied on the relocation of the Cenotaph to make room for the outdoor section of the new museum and visitor center that was planned to be built (see text box for more information about the Cenotaph). In December 2019, San Antonio applied to the Texas Historical Commission for a permit to relocate the Cenotaph. That request was ultimately denied on September 22, 2020. Without the relocation of the Cenotaph, the Office and San Antonio could not proceed with building the new museum and visitor center as planned. As a result:

#### **The Alamo Cenotaph Monument**

The Texas Centennial Commission erected the Cenotaph in 1939 at the Alamo Plaza and is meant to represent the "Spirit of Sacrifice" during the Battle of the Alamo. The memorial is made of gray Georgia marble that rests on a slab base of pink Texas granite. The shaft rises 60 feet from its base and is 40-feet long and 12-feet wide.

Source: *Texas State Historical Association's Handbook*.

- **The Office will be able to use only certain parts of the conceptual designs for the new museum and visitor center.** The Office paid \$2.4 million to two contractors that developed those designs.
- **According to the Office, private individuals with experience in fundraising for large projects withdrew from those efforts for the construction of the new museum and visitor center.** The memorandum of understanding between the Office and Alamo Trust Inc. (ATI, which is the manager and operator of the Alamo Complex), requires ATI to raise private funds to be used for the (1) construction and (2) future maintenance and upkeep of the new museum and visitor center. However, the Office stated that once it became apparent that the new museum and visitor center would not be realized as planned, several private citizens who pledged to raise funds for the effort decided to leave the project.

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<sup>8</sup> As of October 31, 2020, the Office was in the process of re-evaluating the completion date after the Texas Historical Commission's decision to deny the permit request to relocate the Alamo Cenotaph.

- **Revisions must be made to the Office’s lease agreement with San Antonio for the Alamo Plaza.** In its terms, the lease agreement for the Alamo Plaza requires the Office to manage and operate the leased areas consistent with the Alamo Master Plan and does not allow the Office to make any permanent improvements or changes that are inconsistent with that plan. However, because the Alamo Master Plan will not be fully realized as planned, the Office may not be able to fulfill those terms of the lease. As a result, the Office and San Antonio must either revise or wind down the agreement.
- **The original display plans for the Phil Collins Texana Collection had to be changed.** Rock musician Phil Collins donated his collection of Alamo and Texana artifacts to the State of Texas (see text box for more information about the collection). The related gift agreement required that the facility housing the collection would be, at a minimum, in the Alamo Complex’s architectural design phase within seven years from the effective date of the agreement, which would be October 29, 2021. The Office originally planned to display this collection in the planned museum and visitor center. However, when it became apparent that the museum and visitor center would not be built, the Office revised its plans and decided to house the collection in the new Collections building. While this change could challenge the Office’s ability to meet the timeline set forth in the gift agreement for the collection, the Office asserted that it was confident it would meet the terms of the agreement.

**Phil Collins Texana Collection**

In 2014, British rock musician Phil Collins donated his collection of Alamo and Texana artifacts to the State of Texas.

The Collection includes weapons, documents, and other artifacts valued at \$15.4 million.

Source: “Deed of Gift,” executed on October 29, 2014.

**During the excavation at the Alamo Church, archaeologists discovered human remains.**

As part of the Alamo Complex project, the Office had plans to restore and preserve the Alamo Church and the Long Barrack. While excavating in the Alamo Church, the discovery team encountered multiple sets of human remains. This resulted in the activation of the protocol developed by the Office and ATI to establish procedures that must be performed if human remains were discovered. The protocol requires the project to be paused until a decision is made on how to handle the remains. In addition, the discovery of the human remains:

- Resulted in multiple lawsuits that, if successful, could indefinitely halt the conservation and preservation work at the Alamo Church. According to Office management, the lawsuits were ongoing as of December 2020.
- Delayed the installation of the moisture monitor sensors in the Alamo Church to collect data needed to identify repairs and preservation options. According to the Office, this data will guide the experts in assessing what is causing the deterioration of the walls and foundations in both the Alamo Church and the Long Barrack.

# Appendices

Appendix 1

## **Objectives, Scope, and Methodology**

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### **Objectives**

The objectives of this audit were to:

- Determine whether the General Land Office's (Office) use of appropriations for the preservation and maintenance of the Alamo Complex followed applicable requirements. This will include a review of select expenditure categories.
- Identify selected financial information related to the appropriations to the Office for the Alamo Complex, including:
  - ♦ Expenditures.
  - ♦ Budget plan for the remaining appropriations.
  - ♦ Remaining appropriation and accounts receivable balances.
- Report on the Office's current objectives and timelines for the completion of the Alamo Complex project and identify any related threats to the objectives and timeline.

### **Scope**

The scope of this audit covered the Office's process and controls related to expenditures and other financial information for the preservation and maintenance of the Alamo Complex; Alamo Complex contracts, timelines, future plans; and contract monitoring documentation from September 1, 2015, through October 31, 2020. The scope also included a review of significant internal control components related to its use of appropriations for the Alamo Complex (see Appendix 3 for more information about internal control components).

## **Methodology**

The audit methodology included interviewing Office staff; reviewing, analyzing, and testing Alamo Complex expenditures and other financial data; reviewing Alamo Complex contracts and amendments; testing selected contract monitoring documentation, including verifying the status of Alamo Complex projects; reviewing certain general and application controls for the Office's procurement system; reviewing the Office's user access to the Uniform Statewide Accounting System (USAS); and performing selected tests and other procedures.

### **Data Reliability and Completeness**

Auditors relied on the following data extracted from USAS for Alamo Complex data:

- Expenditure data.
- Revenue data for the Alamo Complex Account.

Auditors performed procedures to assess the reliability and completeness of this data by (1) extracting the data using selected parameters and (2) comparing the data to other documents, such as the General Appropriations Act. Auditors determined that this data was sufficiently reliable for the purposes of this audit.

Auditors reviewed approval paths related to Alamo Complex requisition/purchase orders and application controls over the Office's procurement system, BuySpeed. Auditors assessed the reasonableness of this data by (1) observing Office staff extract the data and (2) comparing the extracted data to other data sources, such as expenditure data extracted from USAS. Auditors determined that this data was reasonable with the understanding that BuySpeed's reporting function has limitations in extracting all receipt and invoice records associated with purchase orders. BuySpeed was not the primary source of data for this audit; therefore, auditors did not assess the reliability of this data for purposes of this audit. It was used as a secondary source for USAS expenditure testing.

### **Sampling Methodology**

Auditors selected the following nonstatistical samples:

- Thirty Alamo Complex expenditures from September 1, 2015, through October 31, 2020, for testing based on risk. This sample design was chosen to address specific risk factors identified in the population, and items were selected because they have a high potential for being

unallowable payments because they may not be directly related to preservation and maintenance activities for the Alamo Complex.

- Sixty Alamo Complex expenditures from September 1, 2015, through October 31, 2020, for testing through random selection. This sample design was chosen to ensure that the sample included a cross section of Alamo Complex expenditures.
- Five Alamo Complex contracts between September 1, 2015, through October 31, 2020, for testing through a directed selection. This sample design was chosen to ensure that the sample included contractors with the largest dollar value and highest significance in relation to Alamo Complex projects.

The items in the samples listed above were not necessarily representative of the populations; therefore, it would not be appropriate to project the test results to the populations.

Information collected and reviewed included the following:

- The Office's policies and procedures.
- Statutes and applicable requirements related to Alamo Complex appropriations.
- The Office's Alamo Complex expenditure data and revenue data for the Alamo Complex Account from USAS.
- The Office's supporting documentation for expenditures, including requisitions, purchase orders, receipts, invoices, and payroll data.
- The Office's Alamo Complex-related contracts, amendments, agreements, memorandums of understanding, deeds, associated work orders, Alamo Master Plan, and monitoring documentation, including report deliverables.
- User access data and application controls over the Office's accounting data in USAS.
- User access data, password parameters, and application controls over the Office's procurement system, BuySpeed.

Procedures and tests conducted included the following:

- Interviewed Office management and staff to understand Alamo Complex contractors, Alamo Master Plan-related projects (including planned projects), expenditures, accounts receivable balances, challenges to the

projects, monitoring of project deliverables, and information systems that support the Office's Alamo Complex-related processes.

- Tested a sample of Alamo Complex expenditures to determine whether they were accurate, supported, approved, and allowable in accordance with requirements.
- Analyzed Alamo Complex expenditures to group them into expense categories.
- Identified the total accounts receivable balance related to Alamo Complex appropriations and remaining appropriations.
- Reviewed the Office's budget plan for remaining appropriations to determine whether the plan was in compliance with state requirements.
- Reviewed contracts, amendments, and work orders and (1) identified outstanding contractual obligations and (2) tested a sample of key deliverables for selected Alamo Complex contracts to determine whether they were adequately performed and on time to meet project timelines.
- Reviewed the Alamo Master Plan, report deliverables, project schedules, and other contract documentation to verify the status of all Alamo Complex projects.
- Tested the Office's user access and application controls to USAS.
- Tested selected general and application controls for the Office's procurement system, BuySpeed.

Criteria used included the following:

- Office policies and procedures.
- Texas Natural Resources Code, Chapter 31.
- Title 1, Texas Administrative Code, Chapter 202, and the Department of Information Resources' *Security Control Standards Catalog*, version 1.3.
- *State of Texas Procurement and Contract Management Guide*, version 1.3.
- General Appropriations Acts (84th, 85th, and 86th Legislatures).
- Alamo Complex contract documentation.

## Project Information

Audit fieldwork was conducted from October 2020 through December 2020. 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:

- Kelley Ngaide, CIA, CFE (Project Manager)
- Serra Tamur, MPAff, CISA, CIA (Assistant Project Manager)
- Scott Armstrong, CGAP
- Allison Fries, CFE
- Taylor L. Huff, CFE
- Michelle Rodriguez, CFE
- Michael Yokie, CISA
- Dana Musgrave, MBA (Quality Control Reviewer)
- James Timberlake, CIA, CFE (Audit Manager)

## Issue Rating Classifications and Descriptions

Auditors used professional judgment and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objectives.

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 2 provides a description of the issue ratings presented in this report.

Table 2

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

## Internal Control Components

Internal control is a process used by management to help an entity achieve its objectives. The U.S. Government Accountability Office's *Generally Accepted Government Auditing Standards* require auditors to assess internal control when internal control is significant to the audit objectives. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) established a framework for 5 integrated components and 17 principles of internal control, which are listed in Table 3.

Table 3

Internal Control Components and Principles		
Component	Component Description	Principles
Control Environment	The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.	<ul style="list-style-type: none"> <li>▪ The organization demonstrates a commitment to integrity and ethical values.</li> <li>▪ The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.</li> <li>▪ Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.</li> <li>▪ The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.</li> <li>▪ The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.</li> </ul>
Risk Assessment	Risk assessment is the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risks should be managed.	<ul style="list-style-type: none"> <li>▪ The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.</li> <li>▪ The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.</li> <li>▪ The organization considers the potential for fraud in assessing risks to the achievement of objectives.</li> <li>▪ The organization identifies and assesses changes that could significantly impact the system of internal control.</li> </ul>
Control Activities	Control activities are the policies and procedures that help ensure that management's directives are carried out.	<ul style="list-style-type: none"> <li>▪ The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.</li> <li>▪ The organization selects and develops general control activities over technology to support the achievement of objectives.</li> <li>▪ The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.</li> </ul>

Internal Control Components and Principles		
Component	Component Description	Principles
Information and Communication	Information and communication are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.	<ul style="list-style-type: none"> <li>▪ The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.</li> <li>▪ The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.</li> <li>▪ The organization communicates with external parties regarding matters affecting the functioning of internal control.</li> </ul>
Monitoring Activities	Monitoring is a process that assesses the quality of internal control performance over time.	<ul style="list-style-type: none"> <li>▪ The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.</li> <li>▪ The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.</li> </ul>

Source: Internal Control - Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, May 2013.

## Alamo Complex Expenditures by Object Code and Expenditure Category

As of October 31, 2020, the General Land Office (Office) had expended \$81.8 million of its Alamo Complex appropriations. Of that \$81.8 million, the Office charged \$67.0 million (82 percent) to five object codes:

- ① 7299 - Purchased Contracted Services,
- ② 7253 - Other Professional Services,
- ③ 7256 - Architectural/Engineering Services,
- ④ 7342 - Real Property—Buildings—Capitalized, and
- ⑤ 7345 - Real Property—Land—Capitalized.

Table 4 lists total expenditures by object code as of October 31, 2020.

Table 4

Alamo Complex Expenditures by Object Code As of October 31, 2020		
Object Code	Object Code Title	Amount
① 7299	Purchased Contracted Services	\$22,949,893
② 7253	Other Professional Services	17,338,352
③ 7256	Architectural/Engineering Services	11,322,725
④ 7342	Real Property - Buildings - Capitalized	11,051,777
⑤ 7345	Real Property - Land - Capitalized	4,355,332
7002	Salaries/Wages - Classified and Non-Classified - Permanent Full-time	2,345,000
7343	Real Property - Building Improvements - Capitalized	1,845,200
7341	Real Property - Construction In Progress - Capitalized	1,567,135
7258	Legal Services	1,209,593
7266	Real Property - Buildings/Maintenance and Repair- Expensed	1,068,551
7501	Electricity	967,254
7334	Personal Property - Furniture, Equipment, and Other - Expensed	568,265
7204	Insurance Premiums and Deductibles	408,760
7210	Fees and Other Charges	363,670

**Alamo Complex Expenditures by Object Code**  
As of October 31, 2020

Object Code	Object Code Title	Amount
7380	Intangible - Computer Software - Expensed	263,853
7373	Personal Property-Furnishing and Equipment - Capitalized	239,935
7262	Personal Property - Maintenance and Repair/Computer Software - Expensed	238,170
7281	Advertising Services	234,856
7273	Reproduction and Printing Services	226,117
7300	Consumables	204,571
7276	Communication Services	189,694
7406	Rental of Furnishings/Equipment	170,601
7274	Temporary Employment Agencies	149,157
7032	Employee Retirement - State Contribution	139,768
7041	Employee Insurance Payments - Employer Contribution	132,093
7219	Fees for Receiving Electronic Payments	130,310
7275	Information Technology Services	129,574
7245	Financial and Accounting Services	129,216
7218	Publications	126,288
7526	Waste Disposal	121,736
7043	FICA Employer Matching Contribution	113,058
7470	Rental of Space	111,257
7277	Cleaning Services	101,116
7507	Water	98,922
7379	Personal Property-Computer Equipment - Capitalized	98,480
7340	Real Property and Improvements - Expensed	87,184
7023	Lump Sum Termination Payment	69,112
7377	Personal Property - Computer Equipment - Expensed	65,497
7367	Personal Property - Maintenance and Repairs	63,157
7953	Statewide Cost Allocation Plan Reimbursements	52,309
7461	Rental of Land	51,560
7378	Personal Property-Computer Equipment (Controlled)	51,391
7291	Postal Services	48,901
7242	Consultant Services-Computer	48,020
7504	Telecommunications - Monthly Charge	44,520
7267	Personal Property - Maintenance and Repair-Computer Equipment - Expensed	43,012
7517	Personal Property - Telecommunications Equipment - Expensed	42,541
7516	Telecommunications - Other Services Charges	35,387
7338	Real Property - Facilities and Other Improvements/Maintenance and Repair - Expensed	29,650
7374	Personal Property - Furnishing and Equipment (Controlled)	24,908

**Alamo Complex Expenditures by Object Code**  
As of October 31, 2020

Object Code	Object Code Title	Amount
7328	Supply/Material - Agriculture, Construction, and Hardware	22,060
7042	Payroll Health Insurance Contribution	21,979
7286	Freight/Delivery Services	21,446
7201	Membership Dues	20,537
7102	Travel In-State - Mileage	18,249
7106	Travel In-State - Meals/Lodging	18,181
7271	Real Property - Land/Maintenance and Repair-Expensed	17,419
7330	Parts - Furnishings and Equipment	16,479
7442	Rental of Motor Vehicles	13,654
7961	Transfers to General Revenue Fund for Statewide Telecommunication System Services	13,027
7022	Longevity Pay	13,001
7040	Additional Payroll Retirement Contribution	11,720
7303	Subscriptions, Periodicals, and Information Services	11,253
7962	Capitol Complex Transfers to General Revenue	10,345
7021	Overtime Pay	9,985
7240	Consultant Services - Other	8,500
7017	One-time Merit Increase	7,399
7502	Natural/Liquid Petroleum Gas	7,022
7331	Plants	6,701
7335	Personal Property - Parts - Computer Equipment-Expensed	6,378
7304	Fuels and Lubricants - Other	5,670
7254	Other Witness Fees	5,625
7101	Travel In-State - Public Transportation Fares	5,410
7033	Employee Retirement - Other Employ Expense	5,324
7255	Investment Counseling Services	5,000
7203	Registration Fees - Employee Training	4,735
7105	Travel In-State - Incidental Expense	4,458
7806	Prompt Payment Interest	4,418
7514	Real Property - Infrastructure/Telecommunications - Maintenance and Repairs - Expensed	3,565
7382	Personal Property - Books and Reference Materials - Expensed	3,498
7309	Promotional Items	3,442
7111	Travel Out-of-State - Public Transportation Fares	3,208
7369	Works of Art and Historical Treasures - Capitalized	2,800
7243	Educational/Training Services	2,610
7947	State Office of Risk Management Assessments	2,193
7444	Charter of Aircraft	1,739
7213	Training Expenses - Other	1,696

Alamo Complex Expenditures by Object Code As of October 31, 2020		
Object Code	Object Code Title	Amount
7116	Travel Out-of-State Meal/Lodge - Night Locality Allow	1,677
7984	Unemployment Compensation Benefit Transfers - Special Funds/Accounts	1,473
7272	Hazardous Waste Disposal Services	1,468
7270	Real Property - Infrastructure/Maintenance and Repair - Expensed	1,425
7001	Salaries and Wages (Line Item Exempt Positions)	1,221
7003	Salaries/Wages - Classified and Non-Classified - Permanent Part-time	1,066
7107	Travel In-State - Non-Overnight Travel (Meals)	874
7310	Chemicals and Gases	801
7312	Medical Supplies	766
7333	Fabrics and Linens	480
7115	Travel Out-of-State - Incidental Expense	354
7012	Emergency Paid Leave Under Families First Coronavirus Response Act	153
7211	Awards	45
7050	Benefit Replacement Pay	35
7112	Travel Out-of-State - Mileage	29
7510	Telecom Parts and Supplies	20
<b>Total Expenditures</b>		<b>\$81,820,040<sup>a</sup></b>
<sup>a</sup> The total expenditures by object code does not total \$81,820,040 due to rounding.		

Source: Uniform Statewide Accounting System.

Using professional judgment, auditors reviewed expenditures to group them into expenditure categories established by the Office of the Comptroller of Public Accounts. Based on that analysis, the Office charged \$73.0 million (89 percent of total expenditures) to five categories:

- ① Purchased Contracted Services,
- ② Real Property,
- ③ Other Professional Services,
- ④ Architectural/Engineering Services, and
- ⑤ Salaries and Wages.

Table 5 shows the total expenditures by expenditure category as of October 31, 2020.<sup>9</sup>

Table 5

Alamo Complex Expenditures by Expenditure Category As of October 31, 2020	
Expenditure Category	Amount
① Purchased Contracted Services	\$22,949,893
② Real Property	18,906,628
③ Other Professional Services	17,338,352
④ Architectural/Engineering Services	11,322,725
⑤ Salaries and Wages	2,446,972
Communications and Utilities <sup>a</sup>	1,507,096
Maintenance and Repair	1,464,949
Furniture, Equipment, and Other Property	1,325,005
Legal Services	1,209,593
Benefits	423,941
Insurance Premiums and Deductibles	408,760
Fees and Other Charges	363,670
Printing and Reproduction	352,405
Rentals and Leases	348,810
Supplies and Materials	317,681
Advertising Services	234,856
Temporary Employment Agencies	149,157
Fees for Receiving Electronic Payments	130,310
Information Technology Services	129,574
Financial and Accounting Services	129,216
Cleaning Services	101,116
Inter-fund Transfers/Other <sup>b</sup>	79,348
Travel	52,441
Consultant Services-Computer	48,020
Other Expenditures <sup>c</sup>	29,910
Freight/Delivery Services	21,446
Training	9,040
Consultant Services-Other	8,500
Other Witness Fees	5,625

<sup>9</sup> For the amounts in Table 5, auditors grouped the expenditures by the Office of the Comptroller of Public Accounts' expenditure categories or object codes. As a result, the amounts in Table 5 are not intended to match the totals presented in Figure 6 in Chapter 2 because they are grouped differently.

Alamo Complex Expenditures by Expenditure Category As of October 31, 2020	
Expenditure Category	Amount
Investment Counseling Services	5,000
<b>Total Expenditures</b>	<b>\$81,820,040<sup>d</sup></b>
<p><sup>a</sup> The Communications and Utilities category is primarily composed of (1) \$967,254 for electricity, (2) \$189,694 for communication services, and (3) \$121,736 for waste disposal.</p> <p><sup>b</sup> The Inter-fund Transfers/Other category is composed of object codes recording transfers of money for costs shared between the Office and other state agencies. The majority of the category is composed of (1) \$23,373 for telephone services provided by the Department of Information Resources and (2) \$52,309 for statewide allocation of indirect costs based on the plan developed by the Office of the Governor under Texas Government Code, Section 2106.002(b).</p> <p><sup>c</sup> The Other Expenditures category is primarily composed of \$20,537 for membership dues.</p> <p><sup>d</sup> The total expenditures by expenditure category does not total \$81,820,040 due to rounding.</p>	

Sources: Uniform Statewide Accounting System and the Office of Comptroller of Public Accounts' expenditure categories.

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