



Legislative Requirement:

An Efficiency Audit of the Texas Commission on the Arts

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

October 9, 2026

Members of the Legislative Audit Committee:

The State Auditor's Office contracted with Weaver to conduct an efficiency audit of the Texas Commission on the Arts (Commission), as required by Texas Government Code, Section 327.002. Texas Government Code, Section 327.003, allows the State Auditor's Office to contract with an external auditor to conduct these audits.

Weaver identified an inefficiency with the Commission's annual license renewal process for its grants management system. That process resulted in increased costs, invoice inaccuracies, and delays. The Commission should consider coordinating with the Department of Information Resources to obtain an exception from the Cooperative Contracts Program. Renewing the license directly with the software publisher, rather than a reseller, could reduce errors and delays, as well as licensing fees, which could allow the Commission to fund additional grants.

Auditors did not identify any duplication, overlap, or conflict with other state agencies or misalignment between the Commission's rules in the Texas Administrative Code and its statutory authority and mission.

The Commission provided an implementation plan, which is presented on page 6 of the attached report. Overall, the Commission agreed to implement Weaver's recommendation.

Sincerely,

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

cc: The Honorable Greg Abbott, Governor
Members of the Texas Commission on the Arts
Mr. Gary Gibbs, Executive Director, Texas Commission on the Arts



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TEXAS GOVERNMENT EFFICIENCY AUDIT

An Efficiency Audit of the Texas Commission on the Arts



This report was prepared under contract with the Texas State Auditor's Office

TCA Efficiency Audit | October 2026



Executive Summary

To address the requirements in Texas Government Code, Section 327, under the authority of the Texas State Auditor's Office, Weaver reviewed the Texas Commission on the Arts (Commission or TCA) use of state resources in the following areas: financial resources, personal and real property assets, technology, and staffing. This audit was conducted in accordance with Texas Government Code, Sections 327.

- **Background** | [p. 4](#)
- **Audit Objective** | [p. 8](#)

The Commission has one Opportunity for Efficiency related to the license renewal of their grant management software.

The audit did not identify duplication, overlap, or conflict between TCA's activities and those of other state agencies.

Summary of Results:

The results are classified and presented as one of two categories:

- **Opportunities for Efficiency:** Items that present efficiency opportunities that reside within the TCA operating environment and that TCA has the standing and authority to act upon.
- **Management Insights:** Items that present opportunities where the underlying condition is materially driven by actors, statutes, or timelines outside TCA's direct control, or where the opportunity is to further mature a program TCA already actively manages.

Results at a Glance

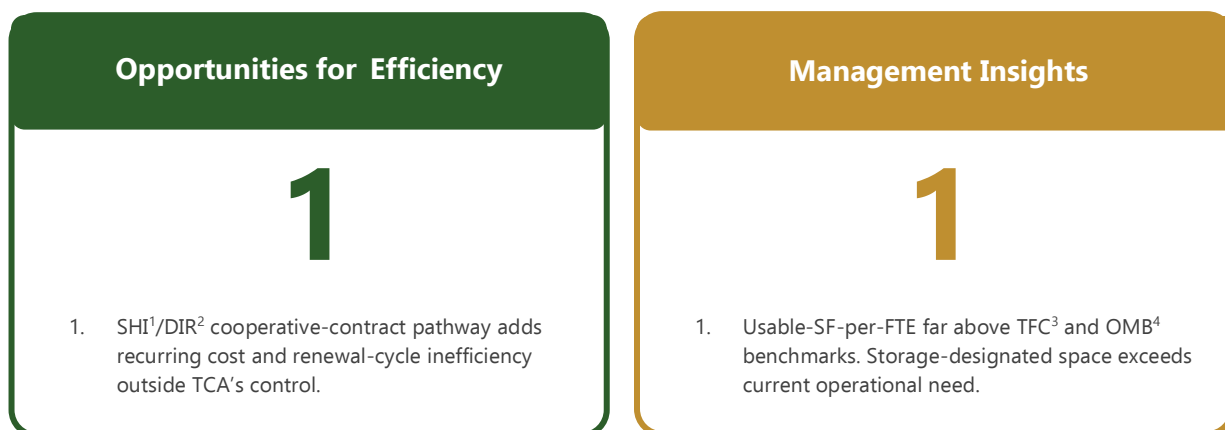


Figure 1. Results at a glance, presented as one Opportunity for Efficiency and one Management Insight. ¹Software House International (SHI) ²Department of Information Resources (DIR). ³The Facilities Commission (TFC) ⁴Office of Management and Budget (OMB).



Opportunities for Efficiency:

The Texas Commission on the Arts has an opportunity to improve efficiency by:

- Addressing the inefficiencies in the renewal of their grant management system license through the DIR cooperative-contract procurement system. TCA should document the inefficiencies encountered in the FY 2026 renewal and collaborate with DIR to obtain an exemption from utilizing the cooperative contracts program and renew the license directly with the software publisher, rather than a reseller.

Management Insights:

Weaver identified one Management Insight:

- Due to the digitization of records, TCA has excess space allocated to their agency in the state-owned George H. W. Bush Building. The continued digitization of records at the agency has resulted in storage space that is no longer required for the storage of paper files. The space is storage, which is only accessed internally through TCA's suite.

Summary of Management's Implementation Plan:

Auditors made a recommendation to address the inefficiency identified during this audit (see [Page 6](#)). Management agreed with the recommendation and provided information on the planned implementation of the corrective action (see the Board Management's Implementation Plan starting on [Page 6](#)).



Background

Texas Commission on the Arts

The Texas Commission on the Arts is the state agency responsible under for advancing the state economically and culturally by investing in a creative Texas. TCA is a small state agency, governed by nine commissioners and statutorily authorized at 14 full-time equivalent employees, that administer a grants program that includes grants to arts organizations, arts education, and cultural tourism. Together, with Commission initiatives such as the Young Masters program and the Texas Touring Roster, TCA awards over 1,500 grants annually and designates cultural districts across the state

Approximately 93 percent of the Commission’s budget is expended in grants to arts and cultural organizations, with approximately seven percent expended on administration. The Commission’s programs are funded primarily through General Revenue, the National Endowment for the Arts (NEA) State Partnership federal award, appropriated receipts, and the State of the Arts License Plate Trust Fund.

Texas Commission on the Arts at a Glance		
Small agency footprint, statewide cultural investment, grant-centered mission		
⚖️ 9 Commissioners Governor-appointed governing body	🕒 14 Authorized FTEs Lean staffing model	★ 1,500+ Annual Grants Arts and cultural investments statewide
Budget Profile Approximately 93% grants and 7% administration		
Program Footprint Arts, education, tourism, cultural districts, Young Masters, Texas Touring Roster	Funding Sources General Revenue, NEA, receipts, and License Plate Trust Fund	Workspace Suite 6.600, George H. W. Bush State Office Building
Grants System Fluxx grants management platform		

Figure 2. Texas Commission on the Arts organizational and program profile.



Detailed Audit Results

The detailed results are organized first as Opportunities for Efficiency and then as Management Insights as applicable, and within each category they are presented in numerical order. The **Appendix** describes the resource and operational areas evaluated during the audit and the procedures we performed within each area.

Opportunities for Efficiency:

OPPORTUNITY

1

TCA Should Address the Fluxx Recurring Reseller Premium and Renewal-Cycle Inefficiency

The Texas Commission on the Arts is a user of the Fluxx grants management system, which is mission critical to supporting TCA's full grants lifecycle for approximately 1,500 grants and 3,500 transactions annually. TCA procures its Fluxx license under DIR Cooperative Contract DIR-CPO-5241 through SHI International as a reseller. Fluxx Labs, Inc. does not hold its own DIR cooperative contract.

During the FY 2026 contract renewal process, we identified a cost premium in the SHI/DIR procurement process. We obtained documentation that was provided to TCA directly from Fluxx that demonstrated a base license cost of approximately \$33,000. While TCA's actual cost through the SHI/DIR cooperative contract is approximately \$38,000. The \$5,000 difference, approximately 15%, is attributable to SHI's reseller margin and DIR's cost-recovery fees. While the premium is in compliance with the cooperative contract program, the additional fees could be utilized to fund additional grants. TCA awards grants as small as \$150. The additional \$5,000 could result in TCA's inability to award as many as 30 additional grants each year.

The license renewal process, which is performed annually, highlighted a recurring issue in the reseller-based procurement process. At a high level, the process created three primary concerns:

- The renewal reflected a recurring pricing premium associated with the reseller.
- The process through the reseller included invoice inaccuracies that required correction before the renewal could be finalized.
- The process included many delays, extended timing an additional month, and required over 40 emails to coordinate the renewal, creating avoidable inefficiencies.



Recommendation

The Commission has an opportunity to streamline the process by coordinating with DIR to obtain an exemption from purchasing the license renewal through the cooperative contract program and renewing their license directly with the software publisher. Obtaining this exemption would allow TCA to have a more efficient renewal process with a lower license renewal fee, allowing additional agency funds to be utilized for grants.

Management Implementation Plan

The Commission agrees with the recommendation and will explore obtaining an exemption from DIR to allow the agency to purchase the license renewal directly from the software publisher.

Responsible Party: Director of Programs and Technology and Director of Finance

Completion Date: March 1, 2027

INSIGHT
1

Storage Space Beyond Current Operational Need

The Texas Commission on the Arts relocated to the George H. W. Bush State Office Building (GHWB) effective May 15, 2024, and used the transition into Suite 6.600 as an opportunity to purge physical records and align its records-management program with the framework adopted by the Texas State Library and Archives Commission (TSLAC). The Commission is continuing their efforts to migrate older files to digital formats and storage. As that initiative advances, the operational need for physical records storage is expected to decline.

The Commission’s FY26 TFC Space Needs Assessment reports 7,118 usable square feet supporting 14 FTEs, equating to approximately 508 usable square feet per FTE. We identified that seven of the 20 rooms in TCAs suite are dedicated to storage or utility functions, including a large permanent storage room within the suite that has minimal contents and no current operational activity associated with the room.

Space Utilization Benchmarks

Reference Point	Usable Sq. Ft. per FTE	TCA Variance
TCA Suite 6.600 (FY26 TFC Space Needs Assessment)	508	—
Capitol Complex peer-population average (TFC-administered)	258	Approx. 2.0x
OMB Memorandum M-25-25 federal design standard (April 2025)	150	Approx. 3.4x

Figure 3. TCA Suite 6.600 usable square feet per FTE compared to the Capitol Complex peer-population average and the OMB federal design standard.



We benchmarked TCA's space-utilization profile against two independent reference points. The Office of Management and Budget (OMB) establishes a federal design standard of 150 usable square feet per person for newly acquired office space, and Texas state agencies housed in the state-owned Capitol Complex facility administered under the same TFC allocation framework yielded a peer-population average of approximately 258 usable square feet per FTE.

The Commission's space utilization at 508 usable square feet is approximately 3.4 times the federal design standard, and approximately 2.0 times the peer-population average.

Building capacity in the Capitol Complex is a shared resource administered by TFC and allocated across agencies based on demonstrated need through TFC's Space Use Studies and General Space Allocation Guidelines. The space allocated to TCA is no longer required, with the reduction of physical records. However, it is recognized that the excess facilities is currently only accessible through the Commission's suite and would require modifications to the suite to enable the additional space to be allocated to another state agency.



APPENDIX

Objective, Scope, and Methodology

Objective

The objective of this efficiency audit was to determine whether the Texas Commission on the Arts is administering selected state resources in an efficient manner according to best practices and applicable requirements.

Scope

The scope of this audit covered the Commission's fiscal year 2022 through fiscal year 2025 administration of its arts and cultural grant programs, as well as the Commission's use of state resources for governance, workforce, workspace, personal property, information technology, procurement, and reporting relationships during that period. Internal control was not significant to the audit objective.

Methodology

We conducted this performance audit from February 2026 through August 2026 in accordance with generally accepted government auditing standards. These 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. The phased approach through which Weaver planned and performed this audit, Planning, Fieldwork, Validation, and Reporting, is illustrated above.

Addressing the Audit Objective

To gather information necessary to perform the audit procedures, we:

- Interviewed and conducted walkthroughs with Commission leadership, program managers, and process owners to gain an understanding of the Commission's functions, activities, and processes.
- Identified the relevant criteria:
 - Texas Government Code Chapter 444, 2165, 2157, and 2262
 - Texas Administrative Code Chapter 122 (state space allocation) and Chapter 20 (state IT procurement and vendor performance)
 - Commission's Strategic Plan, Legislative Appropriations Request materials, and Automated Budget and Evaluation System of Texas (ABEST) performance measures.



- Conducted an on-site inspection of the Commission’s workspace at Suite 6.600 of the George H. W. Bush State Office Building using a structured checklist prepared from the State Property Accounting Active Property Listing, the FY26 TFC Space Needs Assessment, and the suite floor plan.
- Reviewed the FY 2026 Fluxx grants management system renewal record, including reseller quotes, invoices, and correspondence, against DIR cooperative-contract procurement criteria.

Procedures Performed by Resource Area

To address the resource areas prescribed by Texas Government Code, Section 327, Weaver performed the work described below within each area.

Strategic Planning

We evaluated the Commission’s Strategic Plan, mission, goals, and performance measures; and reviewed whether the Commission’s strategic framework aligned with its statutory responsibilities.

Financial Resources

We evaluated the Commission’s administration of General Revenue, National Endowment for the Arts State Partnership federal funds, appropriated receipts, and License Plate Trust Fund revenue; and reviewed budget-to-actual records and unexpended grant balance reports.

Operations

We evaluated the Commission’s grant administration and monitoring processes, its Texas Touring Roster application evaluation, and its risk-based grantee monitoring approach through walkthroughs and document review.

Personal and Real Property

We conducted an on-site inspection of the Commission’s workspace at Suite 6.600 of the George H. W. Bush State Office Building and reviewed the Commission’s State Property Accounting Active Property Listing, the FY26 TFC Space Needs Assessment, and the suite floor plan, including storage-designated areas within the suite.

Technology

We evaluated the Commission’s Fluxx grants management system, its procurement of Fluxx through the DIR Cooperative Contracts program, and the FY 2026 renewal procurement record.



Staffing

We evaluated the Commission's use of workforce resources against its statutorily authorized level of 14 full-time equivalents and reviewed the Commission's organizational chart, position descriptions, and staffing data.

Data Reliability

The reliability of the data used to support each result was assessed. The data was determined to be sufficiently reliable for the objective. The following data sources were relied upon, and each was reconciled or reviewed as appropriate:

- The FY26 TFC Space Needs Assessment reporting 7,118 usable square feet supporting 14 FTEs, against the Suite 6.600 floor plan and on-site observation conducted the week of May 21, 2026.
- The State Property Accounting Active Property Listing, against on-site observation of Suite 6.600.
- A peer-population benchmarking dataset of Texas state agencies housed in the state-owned Capitol Complex administered under the same TFC allocation framework, used to derive the approximately 258 usable-square-feet-per-FTE peer average.
- The FY 2026 Fluxx renewal procurement record, including the Fluxx direct invoice, SHI/DIR quotes and invoices, and reseller correspondence, reviewed against DIR Cooperative Contract DIR-CPO-5241 and DIR-published procurement guidance.