



Legislative Requirement:

An Efficiency Audit of the Texas Facilities Commission

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

October 15, 2026

Members of the Legislative Audit Committee:

The State Auditor's Office contracted with McConnell Jones to conduct an efficiency audit of the Texas Facilities Commission (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.

McConnell Jones identified seven main areas with inefficiencies. These are:

- **Master Facilities Plan.** The Commission does not have a consolidated plan that prioritizes investments, sequences projects, and aligns funding with the highest-risk facility needs.
- **Facilities Planning, Design, and Construction (FPDC) Division Operating Model.** FPDC's structure, processes, and tools have not kept pace with growth. For example, it does not have a current, long-term portfolio forecast and it has not conducted a recent Facilities Condition Assessment. A Facilities Condition Assessment provides a current, portfolio-wide view of building conditions and deferred maintenance needs.
- **Space Planning Department.** Staff manually compile data from multiple sources to produce space utilization statistics and reports rather than consolidating efforts to collect that data.
- **Financial Services Division.** The Commission's Financial Services processes are generally efficient and well documented but could benefit from additional automation. Specifically, the Commission's travel reimbursement tracking does not have automated status updates, limiting visibility and increasing the risk of errors for manual data entry.
- **Human Resources Division.** Sequential approvals and manual recruit-to-hire activities create inefficiencies. Recruitment milestones are not standardized.
- **Leasing Services Division.** Electronically received lease documents are printed and maintained as paper files, creating unnecessary manual effort.
- **Surplus Property Program.** Resource constraints and manual processes reduce operation efficiency within the Surplus Property Program.

McConnell Jones 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 starting on page 13 of the attached report. Overall, the Commission agreed to implement McConnell Jones's recommendations.

Sincerely,

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

cc: The Honorable Greg Abbott, Governor
Members of the Texas Facilities Commission
Mr. William C. "Will" McKerall, P.E., Executive Director, Texas Facilities
Commission



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Texas Facilities Commission Efficiency Audit

October 2026

Prepared by



McConnell Jones

Legislative Requirement: To address the requirements in Texas Government Code, Section 327.004, McConnell Jones reviewed the Texas Facilities Commission's use of state resources in the following areas: financial resources, personal and real property assets, technology, and staffing.

The Texas Facilities Commission (Commission) facilitates construction and facility maintenance projects for state-owned and state-leased buildings. The Commission has opportunities to improve efficiencies and/or program effectiveness by:

1. Preparing a comprehensive document that includes state-wide anticipated new facilities' needs, a full inventory of current buildings and condition assessments, and a comprehensive deferred maintenance plan with estimated costs and priorities by year.
2. Finalizing the restructuring of the Facilities, Planning, Design and Construction Division's operations.
3. Considering additional resources for the State Surplus Property Program.

This audit was conducted in accordance with Texas Government Code, Sections 327.002 and 327.004.

SUMMARY OF KEY OBSERVATIONS BY REPORT SECTION

 Master Facilities Plan The Commission does not have a consolidated plan that prioritizes investments, sequences projects, and aligns funding with highest-risk facility needs. PAGE 5	 Facilities Planning, Design & Construction FPDC's structure, processes, and tools have not kept pace with growth. The Division also does not have a current portfolio forecast and Facilities Condition Assessment. PAGE 5 - 7
 Space Planning Staff manually compile data from multiple sources to produce space-utilization statistics and reports. PAGE 8	 Financial Services Travel reimbursement tracking does not have automated status updates, limiting visibility and increasing data-entry risk. PAGE 8
 Human Resources Sequential approvals and manual recruit-to-hire processes create inefficiencies. Recruitment milestones are not standardized. PAGE 8 - 9	 Leasing Services Electronically received lease documents are printed and maintained as paper files, creating unnecessary manual effort. PAGE 9
 Surplus Property Program Resource constraints and manual processes reduce Surplus Property Program efficiency. PAGE 9 - 10	

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.

Background

The Commission supports the State of Texas through strategic facilities planning, asset management, design, construction, operation, maintenance, leasing of state facilities, and the sale, reallocation, or disposal of state and federal surplus property. **Figure 1** summarizes the Commission's core operating functions and provides a visual framework for the efficiency observations discussed in this report.

While we have reviewed all functions across the Commission, only those where we identified inefficiencies are included in the detailed findings section of this report.

Figure 1



Funding

The Commission receives funding from the following sources:

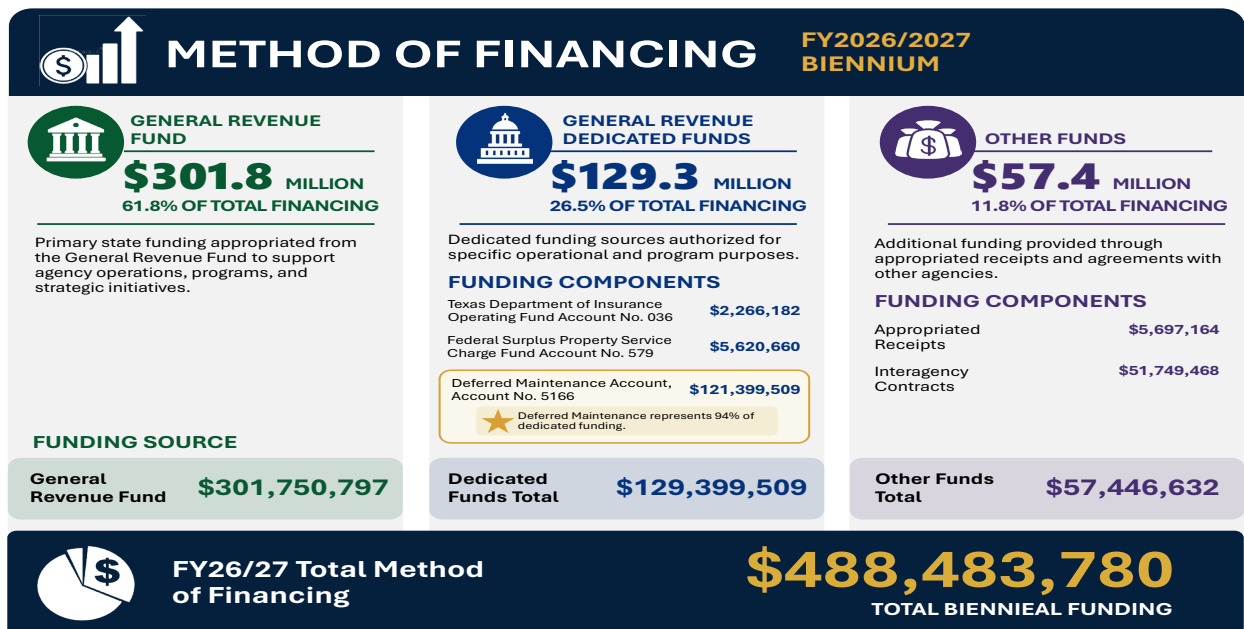
General Revenues – revenues allocated to the Commission by the Legislature primarily from tax collections.

Appropriated Receipts – Revenues generated by the Commission through the statutory fees, service reimbursements, and program charges. These are then Legislatively re-appropriated back to the Commission to spend on the respective operational costs that generate the revenues. For example, the Commission's charges cost-recovery fees for property management and construction services provided to other state agencies. They also lease state-owned parking spaces during non-business hours.

Interagency Contracts – revenues generated through legally binding agreements between the Commission and state agencies to perform facilities related work, such as facilitating renovations and construction projects.

The Commission's appropriations for fiscal year 2024/ 2025 totaled \$581.2 million and decreased \$98 million for fiscal year 2026/2027 to \$488.5 million. Facilities operations and design/construction account for the largest portion of the decrease. While the appropriations funding decreased, the authorized full-time equivalent (FTE) employees increased by 44. **Figure 2** provides a comparative summary of the Fiscal year 2024/25 and fiscal year 2026/27 funding sources.

Figure 2



Source: General Appropriations Act for the 2026-27 Biennium, 89th Legislature.
 (Exact name of the strategy and funding of each strategy is used in this figure.)

Detailed Results

Master Facilities Plan

The Commission does not have a comprehensive, consolidated document that provides a complete view and prioritization of long-term facility investments and needs, sequencing of projects, and alignment of available funding with the highest risk needs.

The Commission created a Master Facilities Plan in 2024 as required by Texas Government Code 2166.102 which contained all the required elements. Additionally, the Commission has a facilities condition report that was last updated in 2006 and various other facilities related documents. However, the Commission does not have a comprehensive, consolidated document that provides a complete view and prioritization of long-term facility investments and needs, sequencing of projects, and alignment of available funding with the highest risk needs. Additionally, because facilities maintenance responsibility and some new construction planning are initially proposed by the state agency requesting the service, the Commission lacks a single integrated view of statewide facility needs. This limited visibility into projects before approval places the Commission in a reactive position once a project is approved and assigned to the Commission. As a result, Commission staff need to reprioritize projects and perform additional work because they were not involved early enough to confirm that required project elements were considered and incorporated into project planning and cost estimates.

In addition, four divisions within the Commission and assistance from contractors currently coordinate and contribute to the production of the Master Facilities Plan. The decentralized development process increases the importance of clearly defined ownership, consistent data inputs, and a structured review process to ensure the comprehensive document presents a complete and reliable view of statewide facility needs.

Facilities Planning, Design, and Construction Division Operating Model

The organization structure, processes, and tools that support the Facilities Planning, Design, and Construction Division have not kept pace with the Division's growth which contributes to inefficiencies.

The Facilities, Planning, Design and Construction Division (FPDC) manages capital construction, renovation, and deferred maintenance projects on behalf of state agencies, overseeing approximately \$1.3 billion in active construction projects and maintenance of 9.1 million square

foot state facility portfolio and an additional 9.7 million square feet of parking garages and parking lots. **Figure 3** provides a summary of state assets managed by the Commission.

Figure 3

Texas Facilities Commission Facilities Summary			
	Offices	Number of Facilities: 42	7,265,083 Sq. Ft.
	Warehouses / Storage	Number of Facilities: 9	504,698 Sq. Ft.
	Misc.	Number of Facilities: 15	457,316 Sq. Ft.
	Parking Garages	Number of Facilities: 22	6,370,744 Sq. Ft.
	Parking Lots	Number of Facilities: 31	3,369,484 Sq. Ft.
	Land	Number of Facilities: 1	2,400 Sq. Ft.
	School for the Blind	Number of Facilities: 34	347,623 Sq. Ft.

Source: Texas Facilities Commission 2024 Master Facilities Plan Report, page 12.

The organization structure, processes, and tools that support the FPDC have not kept pace with the Division's growth. We noted the following, which contribute to program inefficiencies:

- The Commission established a Planning and Portfolio Management (PPM) function in November 2025 with two staff members. As of March 2026, foundational outputs that the function was created to produce do not yet exist in usable form. As a result, FPDC does not have a current, long-term portfolio forecast that shows what projects are in the pipeline, when each project is expected to move through design, procurement, and construction, what funding is associated with each, and what staffing and contractor capacity will be needed. Without this, leadership makes resourcing decisions based on informal knowledge rather than structured data, potentially missing high-priority deferred maintenance projects and failing to accurately illustrate the need for appropriations. The 2024 Master Facilities Plan references a deferred maintenance backlog of over \$1 billion.
- The Project Controls group does not have a formally defined role within the Facilities Planning, Design and Construction Division. Across five interviews the group was described

in materially different ways by the division director, the Project Controls director, two peer directors, and the project management director. The Project Controls director characterized the group primarily as a system administration and reactive support function, while the division director and other staff described it as performing oversight, quality assurance, policy development, and performance monitoring. Varying perspectives of the key function of the Project Controls group has led to unclear expectations and delays in implementing core processes for the group.

- The Design Services and Minor Construction group is a team that is part of FPDC but has not been fully integrated into the division's standard operating model, maintaining separate processes and support functions that run parallel to the rest of the division. This creates inefficiencies due to potential duplication of effort for some activities. FPDC began integrating Minor Construction Design Services and Minor Construction Project Management into the Facilities Planning, Design and Construction Division operating model in February 2026. Management is currently reallocating minor construction functions across the Project Controls, Project Management, and Planning areas and expanding the use of ProjectMates to all minor construction projects.
- Sequential workflow approval routing for contract requests and construction invoices creates inefficiencies in timely processing. For example, construction-related invoices go through four to twelve individuals before Construction Accounting provides final approval, which may delay invoice approval and subsequent Accounts Payable processing. The contract request form (CRF) approval process requires up to 12 sequential approvals by FPDC, Construction Accounting (Budget), and General Counsel staff, extending contract processing cycle times. Sequential approvals are not required by regulation while concurrent approvals would allow for quicker processing as long as all individuals that need to approve the transaction have done so prior to final approval.
- ProjectMates is the Commission's project management software. However, inconsistent data entry and utilization of ProjectMates by functional areas within FPDC impacts portfolio-level reporting and impairs management's ability to measure project status, compare projects, and evaluate project manager performance. For example, data captured for minor construction does not align with the structure used for capital projects, project managers are not consistently entering key project status information (some maintain data in Excel), and there is no defined standard for which fields are mandatory or how records should be structured. Executive-level monitoring operates inefficiently as management is required to compile and evaluate data from ProjectMates and Excel.
- A Facilities Condition Assessment provides a current, portfolio-wide view of building conditions and deferred maintenance needs. However, FPDC has not conducted a recent assessment. This results in assigning resources in a reactive manner which contributes to inefficiencies due to reprioritizing work. The Commission's current deferred maintenance funding is approximately \$121 million for the two-year period covering fiscal years 2025 and 2026. Management asserted that it executed a contract with a third-party vendor to conduct a facility condition Index assessment on 20% of the portfolio in FY 2026. The Commission expects an assessment of the remaining 80% of the portfolio will be completed in FY 2027.

Space Planning

The Commission can obtain efficiencies in its Space Planning Department through consolidating its data collection processes rather than compiling data from multiple sources.

The Commission's Space Planning Department is responsible for determining space needs of Commission-managed facilities. Space planning processes begin with the collection of space utilization and forecasting data from state agencies through two primary requests: an agency survey and a questionnaire. The Space Planning department staff manually compile survey and questionnaire data to determine space utilization statistics. Space Planning department staff also manually compile data from various information systems (TFC Space Request Portal, ManagePath, manual excel spreadsheets, Microsoft Access). This creates labor-intensive tasks and limited efficiency in producing analysis and reports with the information once consolidated. Additionally, non-standardized reports cause the team to work on various ad-hoc reports at the request of different divisions (FMO, Leasing, Project Controls, etc.)

Space allocation decisions are guided by space allocation standards, which are influenced by commercial office standards, informed by architectural review, and are developed in alignment with applicable provisions of the Texas Government Code Section 2165.104, and Texas Administrative Code, Title 1, Section 122.3.

Financial Services

TFC's Financial Services processes are generally efficient and well documented but could benefit from additional automation.

Automated travel reimbursement status updates are not in place to improve visibility/reporting and to minimize manual data entry errors. The Commission processes an average of 127 travel reimbursements per year, an average of 10 per month. Manual data entry and responding to employee inquiries on reimbursement status creates inefficiencies in overall processing. The Commission has considered implementing CAPPS travel module to automate this process.

Human Resources

The Human Resources Division is not yet on the CAPPS Recruit module and manual processes create inefficiencies.

Sequential workflow approval routing for personnel action forms (PAF) contributes to inefficiencies in processing of the respective personnel action. PAFs are created during the recruit-to-hire process and for employee actions such as position changes, compensation actions, and other employee status changes. The Commission uses an internally developed system for PAF processing. Currently PAFs are sequentially routed through five (5) individuals, with the final approval being the Executive Director. Additionally, two separate PAF's are processed for a vacant

position; one to advertise the job and the second once the interview process is completed and a selection is made. Using sequential approvals instead of concurrent lengthens the approval process. Sequential approvals are not required by regulation while concurrent approvals would allow for quicker processing as long as all individuals that need to approve the transaction have done so prior to final approval.

Staff in the Human Resources Division use email, paper, and manual processes for activities involved in the recruit-to-hire functions. There is not a standardized recruitment tracking process that establishes key milestones throughout the recruit-to-hire lifecycle. Tracking for key milestones including posting approval, job posting, candidate screening, interviews, candidate selection, offer extension and acceptance, and hire completion are not in place. This limits visibility into the status and creates inefficiencies in processing and reporting, in addition to not being able to proactively identify bottlenecks. Due to these limitations, the audit team could not determine how many days it takes to complete each step of the recruit to hire process to determine where potential inefficiencies exist within the process.

Leasing Services

The Commission should store lease documents and information electronically.

The Commission receives all the lease documents and information electronically but prints the documents to create a paper file.

The Commission's Leasing Services Division procures and manages leased facilities on behalf of state agencies under the authority of Chapter 2167 of the Government Code. Leasing Services is comprised of six employees who currently manage 713 leases totaling 8,961,863 sq. ft. Fifty-six (56) of the 713 leases were entered into between January 1, 2023, and March 1, 2026. Fifty-nine (59) percent of the 713 leases will expire by December 31, 2029.

The Commission could improve efficiency by storing this information electronically, reducing the cost of paper, ink, copy machine maintenance, and physical storage space.

Surplus Property

The Commission's Surplus Property Program's resource constraints and manual processes creates inefficiencies.

The State Surplus Property Management Program (SSPMP) provides financial benefits to the State of Texas by managing and selling state and federal surplus property. The program generates revenue and cost savings through public sales, interagency transfers, and expanded reuse of state-owned assets. In fiscal year 2024, SSPMP generated \$9.3 million in sales, including \$7.5 million remitted back to the state agencies that provided the surplus property.

While SSPMP functions as a full cost-recovery program, limitations in warehouse space, staffing, and geographic coverage hinder its ability to efficiently clear the pickup log. The Commission currently operates surplus property warehouses in Austin for state surplus property and in Fort Worth and San Antonio for federal surplus property. Because warehouse capacity is limited, state agencies are required to retain surplus property at their own facilities until the Commission has warehouse space to accommodate the items and / or staff available to pick up the items. As a result, the respective state agencies must store the surplus property for days to months until the Commission schedules the property to be picked up, even when agencies can deliver property.

These storage constraints can delay the transfer of surplus property into the Commission's possession and affect the timing and amount of revenue generated from sales.

In addition, the administrative process relies heavily on manual coordination and spreadsheet tracking. Agencies identify surplus property in CAPPs, which then sends information to the Commission's system called AssetWorks. This initiates the process. SSPMP staff then coordinate with agencies by phone and email, prepare a Bill of Lading, and work with the agency to schedule pickup or delivery after the item is marked ready for disposition. Because this activity is not managed through an integrated workflow, staff must manually track each step, increasing administrative effort and limiting visibility into the status of surplus property transactions.

Recommendations

The Commission should consider:

1. Preparing a comprehensive document that includes state-wide anticipated new facilities' needs, a full inventory of current buildings and condition assessment, and a comprehensive deferred maintenance plan with estimated costs and priorities by year. This can then serve as the basis for the statutorily required bi-annual MFP.
2. Finalizing the restructuring of FPDC including the Project Controls group, integration of the division's Design Services and Minor Construction function, clearly defining roles, responsibilities, and expectations, and monitor the results to ensure that the Division's restructuring achieves the intended results.
3. Establishing a comprehensive long-term portfolio forecast to facilitate oversight and resource scheduling.
4. Implementing concurrent electronic approvals in the contract request and construction accounting invoice process instead of sequential approvals.
5. Enforcing ProjectMates utilization and establish data standards which include mandatory fields, required information, and standard naming conventions, etc.
6. Ensuring that the full facility condition assessment is completed in FY2027 and then establish procedures to ensure that updates occur on a regular basis. An updated assessment will enable the Commission to reliably quantify the total dollar value of its deferred maintenance backlog, validate whether available funding is sufficient, and prioritize projects based on statewide facility risk.
7. Establishing a method whereby all data captured by the Space Planning Department can be used to create standard reports that can be generated on demand through automation where possible.
8. Implementing an automated solution for the travel approval and reimbursement processes.
9. Implementing concurrent electronic approvals for the human resources personnel action forms instead of sequential approvals.
10. Creating tracking and reporting dashboards or a spreadsheet for key milestones throughout the recruit-to-hire lifecycle, including posting approval, job posting, candidate screening, interviews, candidate selection, offer extension and acceptance, and hire completion.
11. Implementing an information solution to facilitate efficiencies in the recruit-to-hire process.
12. Maintaining all leasing records digitally instead of printing and keeping paper files.

13. Acquiring additional warehouse space and contracting with a third-party vendor to assist with pick-up, storage, and sale of state surplus property. Additionally, consider implementing more information system automation into the processes to replace the manual spreadsheets and emails.

Management's Implementation Plan

Recommendation #1

TFC should consider preparing a comprehensive document that includes state-wide anticipated new facilities' needs, a full inventory of current buildings and condition assessment, and a comprehensive deferred maintenance plan with estimated costs and priorities by year. This can then serve as the basis for the statutorily required bi-annual MFP.

Management Response:

Management concurs with the recommendation. TFC is actively finalizing the 2026 Master Facilities Plan that includes anticipated state-wide facility's needs, a full inventory of current buildings and condition assessment information, and a comprehensive capital improvement and deferred maintenance plan with estimated costs and priorities by year. As required by statute, 2026 Master Facilities Plan will be submitted to the Legislature and Governor by December 1, 2026.

Additionally, TFC submitted as part of the 90th Legislative Session an Exceptional Item Request for Portfolio Assessments that includes comprehensive condition assessments of facilities, asset performance information and cost-effective capital planning software. In the interim, management will continue to identify opportunities to standardize the approach for managing the full inventory of current buildings, including facility condition assessment data and deferred maintenance records.

Responsible Party: Director of Facilities Planning, Design & Construction

Implementation Date: December 1, 2026

Recommendation #2

TFC should consider finalizing the restructuring of FPDC including the Project Controls group, integration of the division's Design Services and Minor Construction function, clearly defining roles, responsibilities, and expectations, and monitoring the results to ensure that the Division's restructuring achieves the intended results.

Management Response:

Management concurs with the recommendation. TFC recognizes the importance of completing the FPDC organizational restructuring to improve operational effectiveness, enhance project delivery, and strengthen accountability across the division. As part of the restructuring, management will work to clearly define roles, responsibilities, performance expectations, and decision-making authorities to ensure alignment, eliminate redundancies, and promote

effective collaboration across functional areas. Management will also monitor organizational and operational performance following implementation of the restructuring to evaluate whether the intended objectives are achieved.

Responsible Party: Director of Facilities Planning, Design & Construction

Implementation Date: May 31, 2027

Recommendation #3

TFC should consider establishing a comprehensive long-term portfolio forecast to facilitate oversight and resource scheduling.

Management Response:

Management concurs with the recommendation. TFC recognizes the value of establishing a comprehensive long-term portfolio forecast to enhance project oversight, workforce planning, and resource allocation across the division. A forward-looking portfolio view will provide greater visibility into anticipated project demand, enabling more informed strategic decision-making and improved client engagement, legislative budgeting, and stewardship of state funds. TFC submitted as part of its 90th Legislative Appropriation Request an Exceptional Item Request for Portfolio Assessments that includes comprehensive condition assessments of facilities, asset performance information and cost-effective capital planning software. In the interim, management will continue to identify opportunities to improve planning forecasting efforts and resource scheduling using existing tools.

Responsible Party: Director of Facilities Planning, Design & Construction

Implementation Date: August 31, 2028

Recommendation #4

TFC should consider implementing concurrent electronic approvals in the contract request and construction accounting invoice process instead of sequential approvals.

Management Response:

Management concurs with the recommendation. TFC will evaluate and implement solutions to improve the efficiency and timeliness of contract request and construction invoice processing. Where feasible, management will leverage existing statewide and agency technology platforms to implement more efficient approval routing, enhance workflow visibility, and real-time status tracking. In the interim, management will continue to identify opportunities to improve contract request and construction accounting invoice processing using existing tools.

Responsible Party: Director of Facilities Planning, Design & Construction

Implementation Date: August 31, 2027

Recommendation #5

TFC should consider enforcing ProjectMates utilization and establish data standards which include mandatory fields, required information, and standard naming conventions, etc.

Management Response:

Management concurs with the recommendation and recognizes the importance of consistent ProjectMates utilization and standardized data requirements. TFC will evaluate opportunities to strengthen ProjectMates as the division's project management and recordkeeping platform, including establishing mandatory fields, required project information, and standardized naming conventions to improve data quality and reporting.

In the interim, Management will strengthen user compliance through documented procedures, training, and periodic quality assurance reviews.

Responsible Party: Director of Facilities Planning, Design & Construction

Implementation Date: August 31, 2027

Recommendation #6

TFC should consider ensuring that the full facility condition assessment is completed in FY2027 and then establish procedures to ensure that updates occur on a regular basis. An updated assessment will enable the Commission to reliably quantify the total dollar value of its deferred maintenance backlog, validate whether available funding is sufficient, and prioritize projects based on statewide facility risk.

Management Response:

Management concurs with the recommendation. TFC assessed approximately 30% of its facility portfolio in FY 2026 and will work to complete comprehensive facility condition assessments of the remaining facilities in FY 2027. TFC will also establish procedures for regularly updating assessment data to ensure facility condition information remains current and reliable.

As part of its FY 2028–2029 Legislative Appropriations Request, TFC submitted an Exceptional Item Request for Portfolio Assessments that includes comprehensive facility condition assessments, asset performance information, and cost-effective capital planning software. In the interim, Management will continue comprehensive facility condition assessments in FY 2027 using existing tools and resources.

Responsible Party: Director of Facilities Planning, Design & Construction

Implementation Date: August 31, 2027

Recommendation #7

TFC should consider establishing a method whereby all data captured by the Space Planning Department can be used to create standard reports that can be generated on demand through automation where possible.

Management Response:

Management concurs with the recommendation and recognizes the opportunity to improve the use and accessibility of Space Planning data. TFC will evaluate opportunities to standardize data collection, storage, and reporting and implement cost-effective automation where feasible to support routine and on-demand reporting.

In the interim, Management will continue to streamline data collection and strengthen reporting capabilities using existing tools and resources.

Responsible Party: Director of Facilities Planning, Design & Construction

Implementation Date: June 30, 2028

Recommendation #8

TFC should consider implementing an automated solution for the travel approval and reimbursement processes.

Management Response:

Management concurs with the recommendation. TFC will evaluate and implement the most cost-effective automation solution available through existing statewide or agency technology platforms to improve travel approval and reimbursement processing. The solution will seek to enhance status visibility, reduce manual data entry, improve reporting capabilities, and maintain appropriate internal controls. In the interim, management will continue to identify opportunities to streamline workflow and improve tracking using existing tools.

Responsible Party: Chief Financial Officer

Implementation Date: October 31, 2027

Recommendation #9

Implementing concurrent electronic approvals for the human resources personnel action forms instead of sequential approvals.

Management Response:

Management concurs with the recommendation and agrees that opportunities exist to make the Personnel Action Form approval process more efficient. While the current system requires sequential approvals, Management will evaluate a hybrid approach that allows Human Resources and Budget to review Personnel Action Forms concurrently while maintaining the necessary management and executive oversight.

Management will work with TFC Information Technology to assess workflow improvements, including concurrent approvals, streamlined routing, automated reminders, and any associated system requirements. Recommendations will be developed for leadership consideration as part of the next round of system improvements.

Responsible Party: Director of Human Resources Division

Implementation Date: 08/31/2027

Recommendation #10

Creating tracking and reporting dashboards or a spreadsheet for key milestones throughout the recruit-to-hire lifecycle, including posting approval, job posting, candidate screening, interviews, candidate selection, offer extension and acceptance, and hire completion.

Management Response:

Management concurs with the recommendation and recognizes the value of tracking key milestones throughout the recruitment process to improve efficiency, provide greater visibility, and identify delays. Human Resources has implemented a manual tracking spreadsheet to monitor recruitment activity and hiring timelines. In its fiscal year 2028-2029 Legislative Appropriations Request, management requested funding to purchase a recruitment system that standardizes candidate evaluation, documentation, approvals, and merit-based selections.

Management will continue to standardize and improve the tracking process and, pending funding, evaluate opportunities to use a recruitment system to provide more comprehensive reporting and visibility into recruitment activity and hiring timelines.

Responsible Party: Director of Human Resources Division

Implementation Date: 08/31/2027

Recommendation #11

Implementing an information solution to facilitate efficiencies in the recruit-to-hire process.

Management Response:

Management agrees with the recommendation and recognizes that a technology-based solution can improve efficiency, reporting, and visibility throughout the recruit-to-hire process. Human Resources has implemented manual tracking of key recruitment milestones as an

interim measure. Management will pursue a long-term technology solution through either an acquired Applicant Tracking System (ATS) or the recruiting module available through CAPPS, based on business needs, available resources, and system capabilities. Either solution would provide a more standardized approach to managing recruitment activities, tracking milestones, and reporting on hiring timelines while reducing reliance on manual processes. In its Fiscal Year 2028–2029 Legislative Appropriations Request, Management requested funding to purchase a recruitment system that would standardize candidate evaluation, documentation, approvals, and merit-based selections.

Responsible Party: Director of Human Resources Division

Implementation Date: December 31, 2027

Recommendation #12

TFC should consider maintaining all leasing records digitally instead of printing and keeping paper files.

Management Response:

Management concurs with the recommendation and supports transitioning to digital lease records to improve efficiency, accessibility, reduce physical storage, and strengthen continuity of operations. State Leasing Services (SLS) already maintains electronic copies of many lease documents in ManagePath 8. Management will work with the Records Management Officer, General Counsel Division, and Information Technology Division to develop a comprehensive approach for establishing the electronic repository as the official lease record, including appropriate records management, retention, legal-hold, and quality-control requirements.

Implementation will be phased over the longer term and will require identified funding, system enhancements, IT support, and the completion of the necessary records-management and legal assessments. The transition will begin with new lease files as the electronic process is established, with existing paper files transitioned over time as resources and system capabilities allow. Paper lease files will be disposed of in accordance with approved records-retention and disposition requirements once the corresponding electronic records have been verified as complete, legible, and sufficient to serve as the official record.

Responsible Party: Director of State Leasing Services

Implementation Date: December 31, 2027

Recommendation #13

TFC should consider acquiring additional warehouse space and contracting with a third-party vendor to assist with pick-up, storage, and sale of state surplus property. Additionally, consider implementing more information system automation into the processes to replace the manual spreadsheets and emails.

Management Response:

Management concurs with the recommendation and recognizes the benefits of additional warehouse capacity, third-party support, and increased automation of the State Surplus process. The State Surplus Property Program operates on a full cost-recovery basis and currently lacks sufficient resources to acquire additional warehouse space or expand

contracted services. TFC will continue to maximize existing capacity, including utilizing additional Conex storage containers. TFC also submitted a FY 2028–2029 Exceptional Item Request to construct warehouse space for the agency, which, if funded, could provide additional capacity to support State Surplus operations.

Management will continue pursuing cost-effective automation of administrative processes and reducing reliance on spreadsheets and emails where feasible and cost-effective. However, core asset disposition activities, including verification, location confirmation, accessibility assessments, and pickup coordination, inherently require manual effort due to the physical handling and evaluation of assets. TFC will implement process improvements and automation as resources allow while maintaining appropriate controls and responsible stewardship of program resources.

Responsible Party: Director of State and Federal Surplus Services

Implementation Date: September 1, 2027

Appendix 1

Objective, Scope, and Methodology

Objective

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

Scope

The scope of this audit included the Commission's strategic planning effective for fiscal year 2026; selected performance and financial data for fiscal years 2023-2026; staffing as of March 2026; and selected systems, and processes as of April 2026. Internal control was not significant to the audit objective.

Methodology

We conducted this performance audit from January 2026 through August 2026 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 objective. Additionally, we performed a risk assessment to identify potential inefficiency risks that should be considered during the audit.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Commission management for consideration.

Addressing the Audit Objective

During the audit, we performed the following:

- Interviewed and conducted walkthroughs with Commission management and staff to gain an understanding of the Commission's functions, activities, and processes.

- Identified the relevant criteria:
 - Texas Government Code, Chapters 2001, 2152, 2165, 2166, 2167, and 2175.
 - Title 1, Texas Administrative Code, Part 5, Chapters 111-126
 - Office of the Comptroller of Public Accounts' State of Texas Procurement and Contract Management Guide, version 4.0.
 - Commission policies and procedures.

In addition, to address the requirements for efficiency audits in Texas Government Code, Section 327.004, we performed work in the following areas.

Strategic Planning. Evaluated the Commission's strategic plan, master facilities, plan, reviewed the Commission's rules to determine if they aligned with its statutory authority and mission; and compared the Commission's mission and responsibilities with those of other related state agencies.

Financial Resources. Evaluated the Commission's monitoring of its financial efficiency; reviewed submitted LAR and Operating Budget workbooks and travel reimbursement activities for FY23 to FY26; reviewed the Commission's accounts receivable and accounts payable processes; evaluated the Commission's procurement and asset management activities FY23 to FY26.

Operations. Evaluated available process maps, policies and procedures, and the results of interviews and walkthroughs to identify inefficiencies and potential instances of duplicated effort that could be eliminated or other opportunities for the Commission to improve operational efficiency.

Technology. Reviewed the Commission's current information technology systems; evaluated the Commission's processes for opportunities to improve efficiency through increased automation; and reviewed help desk tickets for information technology division efficiencies. We also reviewed the Continuity of Operations Plan.

Staffing. Reviewed information on the Commission's staffing, employee turnover, and other workforce information.

Data Reliability and Completeness. We reviewed financial reports and performance measures reported for fiscal years 2024 and 2025. We reviewed parameters used to pull the data from CAPPS to verify that the output aligned with the request. We compared and reconciled CAPPS data to the Uniform Statewide Accounting System (USAS). We analyzed key fields for reasonableness and completeness. The data was sufficiently reliable for the purpose of this audit.