



Legislative Requirement:

An Efficiency Audit of the Pension Review Board

To address the requirements in Texas Government Code, Section 327.004, the State Auditor's Office reviewed the Pension Review Board's use of state resources in the following areas: financial resources, personal and real property assets, technology, and staffing.

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State Auditor

The Pension Review Board (Board) has opportunities to improve efficiency by:

- Better utilizing its office space.
- Continuing to pursue automation of its review processes.
- Strengthening its management of data critical to its core operations to reduce the need for time-consuming manual processes to identify duplicates.

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

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



INEFFICIENT SPACE UTILIZATION

The Board is not efficiently using its office space. Specifically, the Board is using about 15 percent of its space to store unused or excess personal property and equipment that it no longer needs.

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AUTOMATION OPPORTUNITIES

The Board increased the efficiency of its review process by developing two new information technology systems. However, the Board's review process still has some significant manual steps that may benefit from automation.

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INEFFICIENT DATA MANAGEMENT

The Board's data critical to its core operations contains duplicate records that cannot be readily identified without time-consuming manual reviews and other manual processes.

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For more information about this audit, contact Audit Manager Matthew Owens or State Auditor Lisa Collier at 512-936-9500.

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Summary of Implementation Plan

Auditors made recommendations to address the inefficiencies identified during this audit (see Page 7). The Board agreed with the recommendations and provided information on its planned implementation of them (see the Board Management's Implementation Plan starting on Page 8).

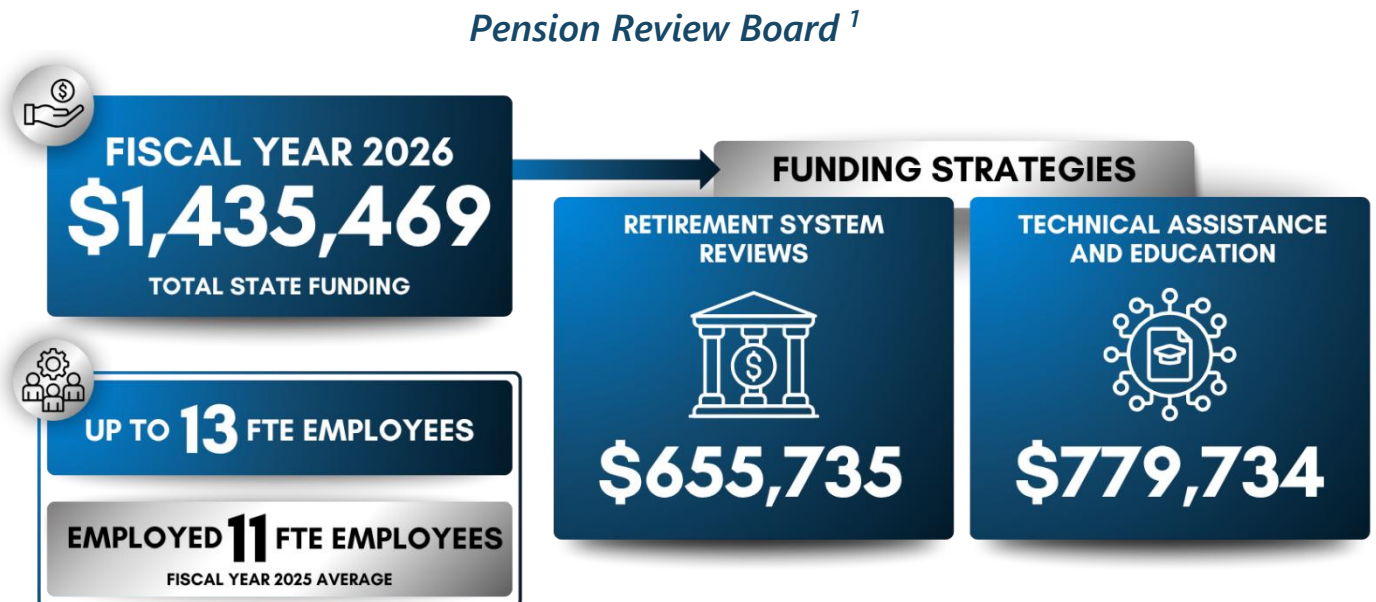
Background Information

Pension Review Board

The Pension Review Board (Board) is an independent state agency created to oversee and review public retirement systems in Texas, as authorized by Chapter 801, Texas Government Code. Among its core functions, the Board:

- Conducts reviews of public retirement systems, which include compiling and comparing information about benefits, creditable service, financing, and administration of public retirement systems.
- Provides information and technical assistance on pension planning to public retirement systems and governmental entities, including the Legislature.

Figure 1



Sources: The General Appropriations Act (89th Legislature); House Bill 500 (89th Legislature, Regular Session); and the Board’s self-reported full-time equivalent (FTE) data.

¹ The Total State Funding figure does not include \$600,000 in supplemental appropriations the Board received for information technology (IT) enhancements and \$100,000 for IT equipment for the 2026-2027 biennium.



Inefficient Space Utilization

The Board should implement a process to dispose of personal property and equipment that is no longer needed to help ensure that it is making efficient use of its allocated office space.

The Board is not using its office space efficiently due to weaknesses in its equipment management and disposal.

The Board is using about 15 percent of its 3,000 square feet of office space (which includes a secondary office space separate from its primary offices) to store unused or excess personal property and equipment that it no longer needs. Specifically, in its offices, the Board had:

- Significant quantities of disconnected/unused electronics, including unused computer monitors, laptops and tablets stacked on shelves and file cabinets, and server equipment.
- Stacks of unused office furniture, including multiple desks, office chairs, printers, cubicle equipment still in the original packaging, and boxes of media tapes.

Storing unneeded items not only limits the Board's ability to efficiently use its allocated office space as intended, but it also affects other state agencies and local governments, which are offered the surplus property (see text box). The longer unneeded items such as computer equipment are stored, the less valuable and useful they are to other public entities.

State Surplus Property Process

State agencies dispose of excess, used, or salvage equipment through the surplus process managed by the Texas Facilities Commission.



Automation Opportunities

The Board could improve efficiency through continuing its efforts to automate manual review processes.

The Board reviews various reports that public retirement systems submit for accuracy and completeness and publishes that report data on its website (see Figure 2). The Board collects 15 different types of reports on a periodic schedule from 100 public retirement systems.

Figure 2

The Board's Reviews of Public Retirement Systems



Source: The Board.

The Board increased the efficiency of its review process and improved customer service by developing two new information technology (IT) systems. Specifically, the Board worked with a vendor to:

- Create a reporting portal to allow retirement systems to electronically submit reports that the Board previously received through email.
- Build a new cloud-based database for Board staff to enter, track, and review reports.

However, the Board's review process still has some significant manual steps that may benefit from additional automation or other IT enhancements (see Figure 3 on the next page). For example:

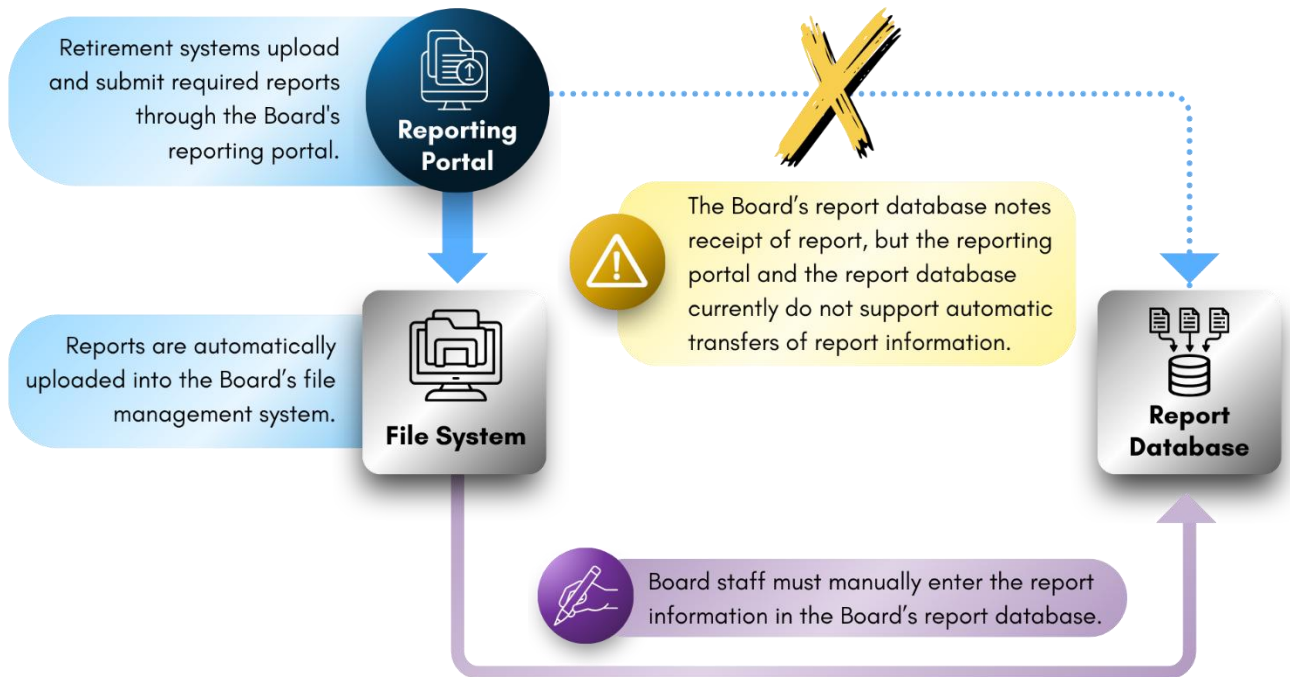
- For each report the Board receives through its portal, Board staff manually enter information into its database. Enabling electronic

transfer of this information between the two systems would improve efficiency by allowing staff to focus on other priorities and reducing the risk of errors.

- The Board’s file management system automatically captures the reviewer’s initials and date of the review. However, Board staff have to manually enter their initials and review dates in the report database.

Figure 3

Board Reviews of Pension Reports: Automated and Manual Processes



Source: This figure was created based on information provided by the Board.

As of March 2026, the Board’s current IT project plans included additional enhancements to the reporting portal and its other IT systems, which the Board asserted will include some additional automation of its manual processes for entering and tracking report review information.



Inefficient Data Management

The Board's data weaknesses limits its ability to efficiently monitor and report on its performance.

The information in DAD (the Board's database) is critical to the Board's core operations and should be useful as a management tool for efficiently monitoring and reporting performance. However, that data contains duplicate records that cannot be readily identified without time-consuming manual reviews of comment fields, filtering and sorting data, and/or reviewing retirement systems' files (see text box). While the Board has a process to identify duplicates for its performance measure reporting, that process is not effective because it does not identify all duplicates. In addition, the Board does not consistently label identified duplicates in its database.

Duplicate Reports

According to the Board, duplicate records can occur if a retirement system mistakenly submits a report more than once, uploads the wrong report type, or submits an incomplete report. Sometimes a retirement system needs to submit an updated report, which also causes duplicate records.

The duplicates limit the Board's ability to leverage its data to evaluate whether it is meeting its internal timeliness targets for reviews. Tracking and comparing how long reviews take over time and investigating the causes of significant increases could help Board management assess whether efficiency is increasing or decreasing and identify opportunities for process improvements.

Reducing and/or identifying potential duplicates early in the process, as well as flagging duplicates in a consistent manner, would reduce the time and resources needed to clean up the Board's data.

Recommendations

To increase efficiency, the Board should:

- Dispose of or transfer surplus property in accordance with state property management requirements to prevent unnecessary accumulation of assets.

- Re-assess its space needs and its use of its secondary space and coordinate with the Texas Facilities Commission if it is unneeded.
- Continue to identify and evaluate opportunities to automate manual processes to improve operational efficiency.
- Evaluate whether automation to identify or otherwise flag a potential duplicate at the time retirement systems submit their reports could help prevent unnecessary duplicates.
- Implement a consistent method for identifying and labeling duplicate reports in its database.
- Develop a process to track the efficiency of its reviews and periodically evaluate the results.

Management's Implementation Plan

The PRB views these findings as important to continue to proficiently serve the state of Texas.

Please find our responses to the recommendations as follows:

Dispose of or transfer surplus property in accordance with state property management requirements to prevent unnecessary accumulation of assets.

The PRB agrees with this recommendation. We acknowledge that the agency fell behind on these tasks over the last five years. The PRB is a very small agency with only two positions dedicated to administrative functions, and these roles have seen turnover in that five-year period. While the agency previously identified property management as an area needing attention, staff capacity to dispose of all unneeded property during that time has been limited. After hiring for these positions in the last year, we have resumed the process of transferring surplus property in accordance with state law. In February 2026, the agency disposed of approximately 30 laptops, old server equipment, and tablets mentioned in the audit report. In March, the agency initiated the transfer of over 20 filing cabinets, seven desk chairs, and four printers. The agency anticipates all surplus property will be removed by the end of the fiscal year. Going forward, we will consistently monitor inventory to ensure

the agency keeps only necessary assets and disposes of unneeded items on a regular basis.

- Responsible party: director of business operations
- Implementation date: August 31, 2026

Reassess its space needs and its use of its secondary space and coordinate with the Texas Facilities Commission if it is unneeded.

The PRB agrees with this recommendation. We believe once the transfer of surplus property is complete, we will be able to better assess and consider our space needs.

- Responsible party: executive director
- Implementation date: August 31, 2026

Continue to identify and evaluate opportunities to automate manual processes to improve operational efficiency.

The PRB agrees with this recommendation. Beginning in 2021, the agency significantly upgraded its systems through a series of IT projects. These projects included moving the agency to a cloud-based network and developing systems that could work together to enhance agency automation and operational efficiency. This spring, the agency will launch an updated portal dashboard for its users that focuses on education reporting. The updated portal dashboard will allow users to see their information in real time, eliminating the need to reach out to staff for a manually produced report. It will also allow users to submit training and contact information for staff approval before automatically transferring the information to the PRB's internal database. The PRB has been very focused on automation through these IT projects over the last five years. The agency will work to implement more automated features for financial/actuarial reporting, while ensuring that staff continues to capture valuable qualitative information that is found in the narrative parts of certain reports, such as actuarial valuations and financial statements.

- Responsible party: deputy director
- Implementation date: June 2027

Evaluate whether automation to identify or otherwise flag a potential duplicate at the time retirement systems submit their reports could help prevent unnecessary duplicates.

The PRB agrees with this recommendation. The agency wishes to clarify that this recommendation specifically references data that automatically populates into the agency's internal database only for internal workflow tracking purposes and performance measure reporting on reviews performed by the agency. However, the recommendation does not refer to statutorily required data submitted by public retirement systems for inclusion in the pension reporting database and the agency's various oversight reports and analyses. In other words, any duplicate reports do not ultimately impact the agency's public-facing reporting on retirement system data, such as investment returns and funding status.

Prior to the launch of its reporting portal in August 2024, the agency relied on emailed reports from public retirement systems, which created security and other risks. The agency's reporting portal allows retirement systems to upload required reports and view submissions on their dashboard, lowering the number of duplicate reports sent in error. In the last two years, the PRB has reviewed over 800 reports, with less than 10 percent being duplicate submissions.

Since the portal's launch, the agency has experienced a decrease in duplicate reports sent to the agency; however, we acknowledge that there are limited instances where staff overlooked deleting the workflow record. In the last month, our analytical services team lead and education and communications specialist have updated our procedures to ensure PRB staff indicate a report as duplicate and delete the workflow record if a system submits a duplicate copy of a report.

- Responsible party: deputy director
- Implementation date: August 31, 2026

Implement a consistent method for identifying and labeling duplicate reports in its database.

The PRB agrees with this recommendation. The agency's current IT projects include enhancements to its portal and database to allow PRB staff to communicate with systems through the portal. Direct communication will help staff request corrected reports rather than

require systems to resubmit or create a duplicate entry. PRB staff will also ensure that the agency's systems are reconciled on a regular schedule going forward to ensure that staff follow current processes to label and delete duplicate workflow records.

- Responsible party: analytical services team lead
- Implementation date: August 31, 2026

Develop a process to track the efficiency of its reviews and periodically evaluate the results.

The PRB agrees with this recommendation. The agency has an internal goal to review reports within two weeks of receipt. The PRB's current automated workflow provides reminders to staff when the review deadline is close, and this workflow has been in place since 2022. Despite limited resources, the PRB has consistently reviewed reports more quickly than the two-week goal, on average, over the last four years. The agency has occasionally missed the two-week goal, generally due to staff requesting additional information from retirement systems. The percentage of time the agency has met its goal over the same time has increased. The PRB plans to monitor review efficiency and periodically evaluate the results by enhancing its current workflow monitoring dashboard. Additional enhancements of agency systems through ongoing IT projects will also help the PRB achieve this goal.

- Responsible party: business intelligence analyst
- Implementation date: June 30, 2026



Appendix 1

Objective, Scope, and Methodology

Objective

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

Scope

The scope of this audit included the Board’s strategic planning effective for fiscal year 2025; reviews of public retirement systems’ reports for fiscal years 2023 through 2025 and related expenditures; use of space and personal property during the month of November 2025; and selected systems and processes as of September 30, 2025.

Internal control was not significant to the audit objective.

Methodology

We conducted this performance audit from September 2025 through March 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 objectives.

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



- Michelle Rodriguez, CFE (Project Manager)
- Cameron Keating (Assistant Project Manager)
- Geddy Emery, CFE
- Melissa Migl, MSN, CFE
- Robert G. Kiker, CFE, CGAP (Quality Control Reviewer)
- Matthew M. Owens, MBA, CPA, CFE, CGAP, CIA, CISA (Audit Manager)

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 the Board's management for consideration.

Addressing the Audit Objective

During the audit, we performed the following:

- Interviewed and conducted walkthroughs with Board management and staff to gain an understanding of the Board's functions, activities, and processes.
- Identified the relevant criteria:
 - Texas Government Code, Chapters 403, 441, 658, 801, 802, 2056, 2155, 2157, 2165, 2175, 2251, and 2261.
 - The Legislative Budget Board's *Instructions for Preparing and Submitting Agency Strategic Plans*.
 - Texas Administrative Code, Title 1, Chapters 122 and 212; Title 34, Chapter 5; and Title 40, Chapters 601, 603-605, 607, and 609-610.
 - Office of the Comptroller of Public Accounts' (Comptroller's Office) *State of Texas Procurement and Contract Management Guide*, Version 4.0.
 - The Comptroller's Office's *SPA [State Property Accounting System] Process User's Guide*, May 2025 revision.
 - The Board's 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 Board's Strategic Plan; reviewed the Board's rules to determine whether they aligned with its statutory authority and mission; and compared the Board's mission and responsibilities with those of other related state agencies.

Financial Resources. Evaluated the Board’s monitoring of its financial efficiency; reviewed the Board’s annual financial reports and financial data from the Uniform Statewide Accounting System (USAS) for fiscal years 2022 through 2025; and reviewed the Board’s legislative appropriations requests for fiscal years 2022 through 2027.

Operations. Evaluated process maps and the results of interviews, walkthroughs, and data analysis to identify potential instances of duplicated effort that could be eliminated or other opportunities for the Board to improve operational efficiency.

Personal and Real Property. Conducted walkthroughs of the Board’s offices and reviewed its fiscal years 2023 and 2025 space allocation plans; and reviewed the Board’s information in the State Property Accounting system (SPA) for some of the assets observed.

Technology. Reviewed the Board’s current information technology (IT) systems; evaluated the Board’s review processes for opportunities to improve efficiency through increased automation; and evaluated the Board’s procurement and monitoring of its use of a Department of Information Resources (DIR) IT Staff Augmentation contract.

Staffing. Tested the Board’s teleworking policy and agreements with staff for compliance with Texas Government Code, Sections 658.011 and 658.012; and reviewed information on the Board’s staffing, employee turnover, and other workforce information published in recent [reports by the State Classification Team](#) within the State Auditor’s Office. While those reports are not audits, the data and information presented in them were subject to certain procedures performed by the SAO Classification Team to ensure accuracy.

Data Reliability and Completeness

Public Retirement System Reports. As discussed in this report (starting on Page 7), the population of reviewed reports obtained from the Board’s internal database was not reliable. Auditors did not rely on the accuracy or completeness of this data for the purposes of this audit.

USAS. For the Board’s expenditures and vendor payments for fiscal years 2022 through 2025, auditors independently ran the expenditures and the vendor payment reports directly from USAS and verified the parameters used and the control totals. The data sets for both expenditures and vendor payments were sufficiently reliable for the purposes of this audit.



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The Honorable Dustin Burrows, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Pension Review Board

Members of Pension Review Board

Ms. Amy Cordona, Executive Director



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