An Audit Report on

Deferred Maintenance Projects at the Texas Facilities Commission

August 2020

Report No. 20-042

State Auditor's Office reports are available on the Internet at http://www.sao.texas.gov/.

An Audit Report on

Deferred Maintenance Projects at the Texas Facilities Commission

SAO Report No. 20-042
August 2020

Overall Conclusion

The Texas Facilities Commission (Commission) had controls to help ensure that expenditures of appropriated funds for deferred maintenance were supported and spent for their intended purposes (see text box for background information). In addition, the Commission had controls to prioritize and monitor deferred maintenance projects to ensure compliance with applicable requirements.

Background Information

Texas Government Code, Chapter 2165, states that the intent of the Legislature is for state facilities to be brought into a better state of repair to ensure the safety of employees and visitors, the efficiency of building operations, and a long-term reduction in repair costs by addressing deferred maintenance issues. The deferred maintenance fund was created to support projects for this purpose.

The Commission had 113 buildings and parking areas that it was responsible for maintaining as of January 31, 2020.

The 84th Legislature authorized $217.2 million; the 85th Legislature authorized $90 million; and the 86th Legislature authorized $120.2 million in funding for deferred maintenance for the Commission.

Sources: Texas Government Code, Chapter 2165, the Commission, and the General Appropriations Acts (84th, 85th, and 86th Legislatures).

Expenditures. The Commission had processes to ensure that its payments for deferred maintenance projects were for the correct amounts and were properly supported and approved, and that the good or service was received. However, the Commission should ensure that duplicate payments are not processed and that all items charged by a contractor are allowable and appropriate based on the contract documentation.

Prioritize. The Commission had processes to prioritize deferred maintenance projects according to the requirements in its Master Facilities Plan report. However, the Commission should strengthen controls to ensure that (1) its master deficiency lists are properly updated with the deficiency items from the professional consultants' assessment reports; (2) it properly documents changes to the priority ratings; and (3) it establishes criteria identifying the appropriate composition of critical and non-critical deficiency items for its deferred maintenance projects.

Monitor. The Commission implemented adequate monitoring controls of deferred maintenance projects to verify that contract requirements for key deliverables were met; changes to contracts were documented; and closeout processes complied with applicable requirements. However, for some projects, the Commission approved contract amendments that were outside the scope of the original contract, did not have all required approvals, or paid for services prior to the approval of the related change order.

Information Technology. The Commission had general and application information technology controls over its GUI Fund Accounting System (GFAS), which it uses to record accounting information. However, it should strengthen its logical access controls over the server for that system.

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

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

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 [a]**
1	The Commission Had Adequate Controls Over Processing of Deferred Maintenance Project Expenditures; But It Should Improve Its Review Processes	Medium
2	The Commission Should Strengthen Its Controls Over Its Deferred Maintenance Deficiency Lists and Ensure That Deferred Maintenance Projects Include an Appropriate Combination of Critical and Non-critical Items	High
3	The Commission Had Adequate Monitoring Controls in Place for Its Deferred Maintenance Projects; However, It Should Strengthen Certain Processes Related to Closeout Procedures, Amendments, and Change Orders	Medium
4	The Commission Had Appropriate Information Technology Controls Over Its Accounting System	Low

[a] 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 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 other, less significant issues separately in writing to Commission management.

Summary of Management's Response

At the end of each chapter in this report, auditors made recommendations to address the issues identified during this audit. The Commission agreed with the recommendations in this report.

Audit Objectives and Scope

The objectives of this audit was to determine whether the Commission has processes and controls to help ensure that:

- Expenditures of appropriated funds for deferred maintenance are supported and spent for their intended purpose; and
- Deferred maintenance projects are prioritized and monitored according to applicable requirements.

The scope of this audit covered the Commission's processes and controls related to expenditure data, prioritization of deferred maintenance deficiencies, and contract monitoring documentation between September 1, 2015, and January 31, 2020.

Contents

Detailed Results

Chapter 1
The Commission Had Adequate Controls Over Processing of Deferred Maintenance Project Expenditures; But It Should Strengthen Its Review Processes 1

Chapter 2
The Commission Should Strengthen Its Controls Over Its Deferred Maintenance Deficiency Lists and Ensure That Deferred Maintenance Projects Include an Appropriate Combination of Critical and Non-Critical Items 4

Chapter 3
The Commission Had Adequate Monitoring Controls in Place for Its Deferred Maintenance Projects; However, It Should Strengthen Certain Processes Related to Closeout Procedures, Amendments, and Change Orders 9

Chapter 4
The Commission Had Appropriate Information Technology Controls Over Its Accounting System 13

Appendices

Appendix 1
Objectives, Scope, and Methodology 15

Appendix 2
Issue Rating Classifications and Descriptions 19

Appendix 3
Internal Control Components 20

Appendix 4
Deferred Maintenance Projects 22

Appendix 5
Related State Auditor's Office Report 30

Detailed Results

Chapter 1

The Commission Had Adequate Controls Over Processing of Deferred Maintenance Project Expenditures; But It Should Strengthen Its Review Processes

Chapter 1 Rating:

Medium [1]

The Texas Facilities Commission (Commission) established processes and controls to ensure that appropriated funds for deferred maintenance (see text boxes for details on expenditure data and definition of deferred maintenance) were supported and spent for their intended purposes. However, its review processes were not sufficient to prevent duplicate payments from being processed or unallowable items from being paid.

The Commission's Expenditure Data

Between September 1, 2015, and January 31, 2020, the Commission paid deferred maintenance expenditures totaling $190.1 million for 35 projects. The majority of the expenditures were related to maintenance, repairs, and construction in progress.

Source: The Commission's expenditure data from its GUI Fund Accounting System.

Deferred Maintenance

State facilities require routine maintenance and repair to keep them in acceptable condition and to preserve and extend their useful lives. When such maintenance is delayed or does not occur, it is referred to as **deferred maintenance**. In addition, when repairs to key building and infrastructure components do not occur, facilities require emergency repairs (when systems break down), capital improvements (such as major rehabilitations), or replacement.

Source: The Commission.

Deferred maintenance expenditures were supported, spent for their intended purposes, and within contracted amounts. For all 32 deferred maintenance expenditures tested, which included 30 expenditures in a randomly selected sample, the Commission had processes and controls to ensure that they were supported and spent for their intended purposes. Those expenditures consisted of five deferred maintenance projects, three of which were completed as of January 31, 2020. For the three completed projects, based on auditors' data analysis, the total project expenditures did not exceed the contract amounts.

The Commission should strengthen its reviews to prevent payments for unallowable items and duplicate payments. For all 30 deferred maintenance expenditures tested in the random sample, the Commission paid the correct amount, the expenditure was properly approved, and the goods and services were received. Those 30 expenditures totaled $3.7 million and were related to five deferred maintenance projects from September 1, 2015, through January 31, 2020. However, 3 (10 percent) of those expenditures included six construction charges within those invoices that were not

[1] 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.

allowable, totaling $8,805. For example, the Commission paid for a security officer and rental equipment that were not approved in the contract documentation. This was due to Commission staff not following its review processes to ensure that all items were allowable based on contract documentation or that approvals to exceed allowable amounts were properly documented. Also, the construction accountant relies on the project managers to ensure allowability. The Commission's internal procedures require the project managers and the construction accountant to review payment requests for completeness, accuracy, and allowability based on contract documentation. Not following the Commission's review process increases the risk of paying for items that are not allowable.

In addition, for the two risk-based deferred maintenance expenditures tested, auditors determined that the Commission inappropriately processed a duplicate payment of $114,948 for one of those expenditures. The Commission's review process did not identify that the duplicate invoice and its supporting documentation were for items paid in the prior month. However, the Commission subsequently identified the error when performing an undocumented budget review for the project and requested a credit for the overpayment four months after the payment.

Recommendations

The Commission should:

- Strengthen its review of deferred maintenance expenditures to ensure that it identifies errors in a timely manner and that invoices paid comply with requirements and/or contract documentation.
- Ensure that the construction accountant reviews payments for allowability as required by the Commission's internal procedures.

Management's Response

TFC agrees with recommendations to strengthen reviews by Facilities Design and Construction (FDC) Division and Fiscal as required by the Commission's internal procedures.

Corrective Action Plan:

In accordance with the Uniform General Conditions, once each month the Architect Engineer (A/E) of record and the owner designated representative (ODR) will review a copy of the preliminary pay application with the contractor. The A/E, ODR and Contractor will review the pay worksheet and

observe the condition of work. Based on these reviews the A/E and ODR may identify required modification to the pay application and will notify the contractor of revisions necessary before approval. The pay application will be formally submitted along with the Pay Application Approval Checklist signed by the contractor and the A/E certifying the pay application has been verified for accurateness for additional review and approval by FDC Project Managers after the contractor has addressed all errors.

Fiscal and FDC will coordinate and clarify payment review responsibilities related to the completeness, accuracy, and allowability of payment requests. Internal procedures for the review of deferred maintenance expenditures will be updated and strengthened accordingly.

Responsible Party: FDC Deputy Director

Completion Date: January 1, 2021

Chapter 2

The Commission Should Strengthen Its Controls Over Its Deferred Maintenance Deficiency Lists and Ensure That Deferred Maintenance Projects Include an Appropriate Combination of Critical and Non-Critical Items

Chapter 2 Rating:

High [2]

The Commission had processes to prioritize deferred maintenance projects according to the requirements in its Master Facilities Plan report. However, the Commission should strengthen controls to ensure that (1) its master deficiency lists are properly updated with the deficiency items from the professional consultants' assessment reports; (2) it properly documents changes to the priority ratings; and (3) it establishes criteria identifying the appropriate composition of critical and non-critical deficiency items for its deferred maintenance projects.

Master Deficiency List. The Commission did not have a documented process for preparing and updating its master deficiency list, which it uses as a basis for its *Legislative Appropriation Requests*[3], after assessment reports by professional consultants are completed (see text box for information about the Commission's process for creating the master deficiency list and establishing priorities). As a result:

- Eight (27 percent) of the 30 deficiency items tested in the professional consultants' reports between September 1, 2015, and January 31, 2020, were not included in the Commission's master deficiency list for the subsequent biennium as required by the Commission's internal procedures.

Creating Master Deficiency List and Establishing Priorities

The Commission maintains a portfolio-wide master deficiency list of all facilities, facility assets/systems, and all deficiencies associated with those assets/systems.

To determine the condition of facilities, the Commission requires that an assessment be performed by qualified individuals (for example, a professional consultant).

That assessment also prioritizes each deficiency identified into one of four urgency categories, and then assigns each deficiency to one of four hierarchy groups based on the facilities' use.

Every biennium, in preparation for the Commission's Legislative Appropriation Request, deficiencies are updated to reflect their current urgency ratings and condition of use.

Sources: The Commission's Master Facilities Plan reports for 2016 and 2018 (Appendix K).

[2] The risk related to the issues discussed in Chapter 2 is rated as High because they present risks or results 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.

[3] State entities that receive state funds prepare a *Legislative Appropriation Request* for each two-year cycle (biennium). These are estimated budget requests with funding sources that are used to prepare the state's formal budget document known as the General Appropriations Act.

- Seven (41 percent) of 17[4] deficiency items tested did not have a documented reason for the difference in the priority rating in the Commission's master deficiency list compared to the professional consultants' reports. There is no requirement to document the reason for a rating change; however, that documentation would help ensure transparency when creating and updating the lists. For two of those seven items, the professional consultant's report rated the items as non-critical and the Commission rated the items as critical, which affects whether the items are included in the Commission's *Legislative Appropriation Request.*

If the master deficiency lists do not capture the most recent professional consultant's priority rating and justification for the rating change, then changes to ratings may not be supported or similar deficiencies might not be consistently applied or properly updated for each biennium's *Legislative Appropriation Request*.

In addition, the Commission has a continuous process to assess and prioritize deferred maintenance deficiencies. Professional consultants assessed 59 (52 percent) of 113 buildings and parking areas that the Commission is responsible for maintaining between September 1, 2015, and January 31, 2020.

Priority Ratings. The Commission assigned reasonable priority rankings to all 30 deficiency items tested with a priority rating in the Commission's master deficiency lists for the 2016-2017, 2018-2019, and 2020-2021 bienniums as required by its Master Facilities Plan.

In addition, all 30 deficiency items tested without a priority rating in the master deficiency lists were appropriately not assigned a rating. Those items had not been assessed by a professional consultant or a rating was not included in the professional consultant's report; therefore, it was reasonable to not assign a rating.

[4] Five additional deficiency items selected for testing were not applicable. Those items were correctly not included in the master deficiency list because they were part of a current deferred maintenance project to repair the deficiency item as of January 31, 2020.

Deferred Maintenance Projects' Deficiency Lists. According to the Commission's *Master Facilities Plan*, the Commission's *Legislative Appropriation Requests* include only critical deficiency items that should be repaired or replaced in the next year. However, the Commission's projects often group together critical deficiency items with some lower priority items. The Commission stated it did this to increase the attractiveness of projects for construction contractors and for logistical reasons. But the Commission has not established guidelines or other criteria for the appropriate composition of critical and non-critical deficiency items for each deferred maintenance project.

Critical vs. Non-Critical Deficiency Items

- **Critical deficiency items** are those that need repair or replacement either immediately or within the next 12 months and affect health and safety, vital tasks, or educational operations.
- **Non-critical deficiency items** are those that need repair or replacement within the next 2 to 10 years and/or relate to operating efficiency or cost effectiveness.

Sources: The Commission's Master Facilities Plan reports for 2016 and 2018 (Appendix K).

Auditors obtained and analyzed 34 deferred maintenance deficiency lists for projects approved and funded for the 2016-2017, 2018-2019, and 2020-2021 bienniums as of April 30, 2020. That analysis identified that:

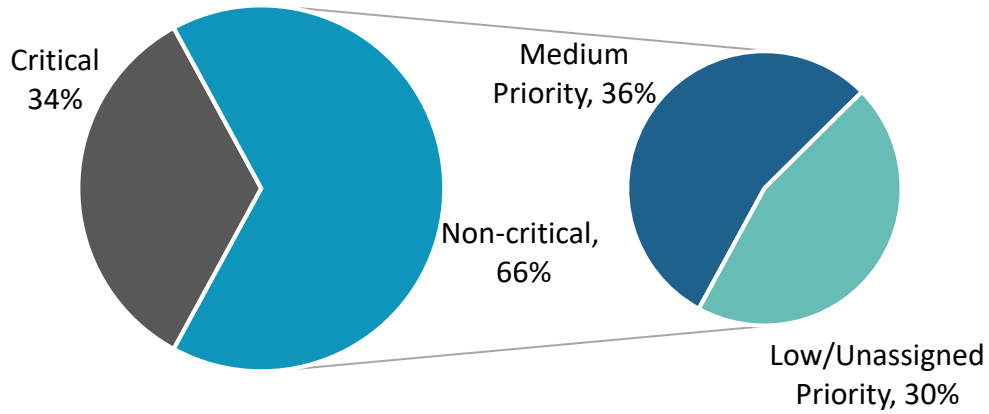
- Twenty-four (71 percent) of 34 deferred maintenance projects funded during those bienniums were not primarily composed[5] of critical deficiency items (see text box for difference between critical and non-critical deficiency items).
- Thirty (88 percent) of 34 deferred maintenance projects were primarily composed of deficiency items classified as critical or medium priority. (Medium priority applies to non-critical items in need of repair within two to five years or immediate needs that support cost efficiency.)

Figure 1 on the next page shows the breakdown of critical and non-critical items within the 34 deferred maintenance projects.

[5] Using professional judgment, auditors defined "primarily composed" as consisting of 50 percent or more.

Figure 1

Critical and Non-Critical Deficiency Items Within the Deferred Maintenance Projects as of April 30, 2020



Source: Based on the Commission's data.

Recommendations

The Commission should:

- Establish a documented process to prepare and update the master deficiency lists with each assessment, including the assessment's priority rating, changes to priority ratings, the justification for changes in ratings, and a secondary review.
- Coordinate with the Legislative Budget Board on the appropriate composition of critical vs. non-critical deficiency items for deferred maintenance projects.

Management's Response

TFC agrees with recommendations to strengthen its controls over its Deferred Maintenance Deficiency Lists and ensure that these projects include an appropriate combination of critical and noncritical items.

Corrective Action Plan:

FDC, with the assistance of a professional service provider, is in the process of updating our processes and procedures to ensure the Master Deficiency list is updated with professional service provider assessments and their priority

rating. The process will include methodology to identify changes to priorities, justification for the changes and record of changes in priority. The process will also include a documented process on how to prepare deficiency lists and how to update the Master deficiency list.

TFC will also communicate and coordinate with the LBB regarding the composition of project scopes and the scopes' critical versus non-critical ratings should it deviate from the original appropriation request.

Responsible Party: *FDC Deputy Director*

Completion Date: *August 31, 2021*

Chapter 3

The Commission Had Adequate Monitoring Controls in Place for Its Deferred Maintenance Projects; However, It Should Strengthen Certain Processes Related to Closeout Procedures, Amendments, and Change Orders

Chapter 3 Rating:

Medium [6]

The Commission implemented adequate monitoring controls of deferred maintenance projects to verify that contract requirements for key deliverables were met, changes to contracts were documented, and closeout processes complied with applicable requirements. However, the Commission approved contract amendments that were outside the scope of the original contract, did not consistently have all required approvals, and paid for services prior to the approval of the related change order.

Key Deliverables. The Commission monitored key deliverables for the five deferred maintenance projects tested, and it ensured that design and construction services were received in a timely manner for those projects. Those deliverables included periodic reviews of construction documents for initial assessments, design, and various milestones for percent of completion for all five projects.

Closeout. The Commission ensured that most of the required closeout documentation, including substantial completion checklists, final inspections, and final payment checklists, was finalized for all three completed deferred maintenance projects tested. However, while the three completed projects had a final payment checklist, none of the three projects had prepared a contract closeout checklist as required by the Commission's *Contract Manual* (see text box for details of closeout checklist requirements).

Requirements for Contract Closeout

Contract Closeout-requires that at the end of the term of an agreement, the contract administrator/project manager shall follow any closeout procedures that have been adopted by the division as well as complete a contract closeout checklist. The checklist is forwarded to the Legal Services Division to complete the official contract file.

Source: The Commission's *Contract Manual*.

Completing the contract closeout checklist is important because the final payment checklist does not include three items specified in the *Contract Manual that* are included in the contract closeout checklist. Specifically, the missing items are related to ensuring that (1) building keys and badges have been returned; (2) vendor performance reports have been completed; and (3) lessons-learned meetings have been performed. Without completion of

[6] The risk related to the issues discussed in Chapter 3 is rated as Medium because they present risks or results 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.

these checklist items, the Commission's Legal Division and other interested departments such as the Procurement Division might not be notified in a timely manner that a contract has been closed. Without using a contract closeout checklist, the Commission cannot be certain that all necessary steps have been taken to closeout deferred maintenance projects. For example, neglecting to collect building access badges from contractors who no longer need them presents a possible security risk.

Amendments. While all 22 amendments that the Commission processed for the five deferred maintenance projects tested were documented and approved, 3 (14 percent) of the amendments had a scope of services that differed significantly from the original contract scope. For example, one amendment added a boiler replacement for a project that was originally for repair and replacement of elevators at four other buildings. For that same project, the Commission paid $11,805 for services to redesign an area that was outside of the original scope of work.

The Commission does not have a process to review or consult with the Legal Division and/or the Procurement Division to verify that amendments align with the original contract and solicitation. In addition, its *Contract Manual* does not provide guidance on how to review amendments to ensure that they align with the original scope of services. The lack of guidance on the review of amendments was previously reported in *An Audit Report on Selected Capitol Complex Project Contracts at the Texas Facilities Commission* (State Auditor's Office Report No. 19-016, December 2018).

The Comptroller Office's *State of Texas Contract Management Guide* provides specific guidance on when a contract amendment is appropriate as opposed to when a new contract should be procured. Not having a detailed process for reviewing the scope of amendments increases the risk that the Commission could amend a contract without the full consideration of the effects or could violate fair competition requirements.

In addition, the Commission should strengthen its review processes to ensure compliance with the Commission's *Contract Manual* in the following areas:

- Two (9 percent) of the 22 amendments tested were missing one of the four required signatures. The Division Director signed the amendments on behalf of the Deputy Executive Director without proper delegation authority. This could lead to inappropriate or unallowable amendments that the Deputy Executive Director is not aware of.

- One (50 percent) of 2 amendments tested that required the approval of the Commission's board did not obtain that approval for the entire amendment amount. As a result, the amendment exceeded the approved amount by $100,800.

The Commission stated that the difference in the approved and actual amounts of the amendments was due to a prior contract amendment reduction. However, there is not a documented process to allow the Commission to exceed board-approved amounts for amendments or to incorporate previous reductions into future amendments without board approval. This creates a risk that unapproved increases to contract amounts could go unnoticed by the Commission's board.

Change Orders. All 11 change orders tested related to the five deferred maintenance projects were documented, approved, and within the original scope of services. However, the Commission approved 1 (9 percent) of the 11 change orders tested after the work specified in the change order had been completed and $58,722 had been paid to the contractor. This was due to the Commission not following its review process. The Comptroller Office's *State of Texas Contract Management Guide* states that formal, written approval of all changes is required prior to the change taking place. Not ensuring that change orders receive prior approval creates a risk that project resources may be paid on unallowable or inappropriate items not authorized by the contract documentation.

Recommendations

The Commission should:

- Complete the closeout checklist for deferred maintenance projects required by its *Contract Manual*.
- Develop a process and update its *Contract Manual* to verify that each amendment's scope of services is within the original contract and solicitation or that the change in scope goes through the State's competitive bid process.
- Ensure that the proper approvals are obtained for the total amendment amount as required by the Commission's *Contract Manual*.
- Ensure it follows its review process for construction invoices by verifying that change orders are approved in a timely manner and prior to payment.

Management's Response

TFC agrees with the recommendation to strengthen certain processes related to closeout procedures, amendments and change orders.

Corrective Action Plan:

FDC, Legal and Fiscal will collaboratively update the Contract Manual to clearly reflect process and procedures as well as any other updates deemed necessary. TFC will also implement internal oversight to assure that checklists are completed within a predetermined timeframe following completion of a project. Approvals will also be reviewed and updated as necessary in the Contract Manual to ensure that the approval process is followed in accordance with the manual. TFC will also ensure that the change orders are approved and submitted in a timely manner and prior to payment.

Responsible Party: General Counsel

Completion Date: 8/31/2021

Chapter 4

The Commission Had Appropriate Information Technology Controls Over Its Accounting System

Chapter 4 Rating:

Low[7]

The Commission had general and application information technology controls over its GUI Fund Accounting System (GFAS), which it uses to record financial accounting information. It had appropriate edit checks for key expenditure data fields, sufficient passwords, and logical access controls to its database to ensure that the data was complete and reliable for the purposes of this audit.

Information Security Standards

Account Management – The Department's *Security Controls Standards Catalog* states that an organization should allow only authorized access for users (or processes acting on behalf of users) that are necessary to accomplish assigned tasks in accordance with organizational missions and business functions.

Source: The Department of Information Resources' *Security Controls Standards Catalog*, version 1.3.

However, it should strengthen its logical access controls over the server for GFAS to ensure that it adheres to the Texas Department of Information Resources' *Security Control Standards Catalog* requirement (see text box for more details about the standards). All users with access to GFAS were current employees. However, one user had inappropriate high-profile access to the server for GFAS based on the user's job duties. This was an oversight when granting access, since the new user access form identified that the user should have limited access to the server. To minimize security risks, auditors communicated details about the identified information security weaknesses directly to the Commission's management in writing.

During the audit, the Commission was transitioning to a new project management system. Therefore, auditors did not perform information technology control testing over the previous or new system. Auditors relied on support documentation that was maintained by the Commission's accounting department or was transferred to the new system.

Recommendation

The Commission should strengthen access controls over the server for its accounting system to ensure that users' access is necessary and appropriate.

[7] The risk related to the issues discussed in Chapter 1 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.

Management's Response

Management agrees with the determination that the level of access granted the user through group membership was not required. The offending user account was removed from the group. A change request was submitted internally to facilitate this change.

Corrective Action Plan:

Future system access audits will include data center servers to ensure access is necessary and appropriate.

Responsible Party: *Chief Information Officer*

Completion Date: *Implemented*

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Texas Facilities Commission (Commission) has processes and controls to help ensure that:

- Expenditures of appropriated funds for deferred maintenance are supported and spent for their intended purpose.
- Deferred maintenance projects are prioritized and monitored according to applicable requirements.

Scope

The scope of this audit covered the Commission's processes and controls related to expenditure data, prioritization of deferred maintenance deficiencies, and contract monitoring documentation from September 1, 2015, through January 31, 2020. In addition, the scope included related, significant internal control components (see Appendix 3 for more information about internal control components).

Methodology

The audit methodology included interviewing Commission staff; collecting, reviewing, and analyzing deferred maintenance expenditure data; reviewing the Commission's master deficiency lists and professional consultants' assessment reports; analyzing deferred maintenance project deficiencies; reviewing deferred maintenance contracts and amendments, contract monitoring documentation, and policies and procedures; and performing selected tests and other procedures.

Data Reliability and Completeness

Auditors reviewed the Commission's financial accounting system, GUI Fund Accounting System (GFAS), to assess the reliability of deferred maintenance expenditure data. Auditors performed procedures to assess the reliability of the data by (1) observing data extracts, (2) reviewing query parameters used

to extract the data, and (3) comparing the data to the Uniform Statewide Accounting System.

Auditors determined that the data was sufficiently reliable for the purposes of this audit.

Sampling Methodology

Auditors selected the following nonstatistical samples:

- Thirty deferred maintenance expenditures for five deferred maintenance projects from September 1, 2015, through January 31, 2020, through random selection. This sample design was chosen to ensure that the sample included a cross section of deferred maintenance expenditures.
- Two deferred maintenance expenditures from September 1, 2015, through January 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 had a high potential for being a duplicate payment to a vendor.
- Thirty deferred maintenance deficiency items from professional consultants' assessment reports completed between September 1, 2015, and August 31, 2018, (prior to the 2020-2021 biennium's *Legislative Appropriation Request*) through random selection. This sample design was chosen to ensure that the sample included a cross section of 30 deferred maintenance deficiency items.
- Eleven change orders for the five deferred maintenance projects selected in the expenditure section through random selection. This sample design was chosen to ensure that the sample included a cross section of change orders.

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.

In addition, auditors selected 2 nonstatistical samples of 30 deferred maintenance deficiency items each through random selection from the 2016-2017, 2018-2019, and 2020-2021 bienniums. Thirty deficiency items had a priority rating and 30 deficiency items did not have a priority rating. This sample design was chosen to ensure that the samples could be evaluated in the context of the population. The test results may be projected to the populations, but the accuracy of the projections cannot be measured.

Information collected and reviewed included the following:

- The Commission's policies, procedures, and guidelines.
- The Commission's deferred maintenance expenditure data from GFAS.
- The Commission's payment request documentation and other expenditure support.
- The Commission's list of deferred maintenance projects and associated project deficiency lists.
- The Commission's master deficiency lists and professional consultants' assessment reports.
- The Commission's contract documentation, monitoring documentation, and contractor change orders.
- User access data, password parameters, and application controls over the Commission's financial accounting system, GFAS.

Procedures and tests conducted included the following:

- Interviewed Commission staff to gain an understanding of deferred maintenance processes, including controls over project expenditures, prioritization of deficiencies, monitoring of project deliverables, and information systems that support those processes.
- Tested a sample of deferred maintenance expenditures to determine whether amounts were accurate, supported, approved, and allowable in accordance with Commission policy.
- Analyzed the sample of completed deferred maintenance project expenditures to determine if expenditures exceeded the contract amounts.
- Tested samples of deferred maintenance deficiencies to determine whether the priority rating assigned aligned with the Commission's policy.
- Tested a sample of deficiency items in professional consultants' assessment reports to determine if the Commission was properly updating its master deficiency lists.
- Analyzed deferred maintenance project deficiencies to determine if a significant portion of the deficiency items for each project included critical high-priority items.

- Tested key deliverables, project closeout documentation, amendments, and change orders to determine if the Commission was complying with contract requirements, the *State of Texas Contract Management Guide*, and Commission policy.

- Tested general and application controls over the Commission's financial accounting system, GFAS.

Criteria used included the following:

- Commission policies and procedures.

- Department of Information Resources' *Security Control Standards Catalog*, version 1.3.

- State of Texas Contract Management Guide, versions 1.14, 1.15, and 1.16.

- Deferred maintenance contract documentation.

Project Information

Audit fieldwork was conducted from January 2020 through June 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)

- Armando S. Sanchez, MBA (Assistant Project Manager)

- Douglas Jarnagan, MAcc

- Austin McCarthy, CPA

- Robert Pagenkopf, MBA, CFE

- Jenna Perez, MAcy

- Dennis Ray Bushnell, CPA (Quality Control Reviewer)

- Michael A. Simon, MBA, CGAP (Audit Manager)

Appendix 2

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/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

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 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.
Medium	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(s) and reduce risks to a more desirable level.
High	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(s) and reduce risks to the audited entity.
Priority	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(s) and reduce risks to the audited entity.

Appendix 3

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.	▪ The organization demonstrates a commitment to integrity and ethical values. ▪ The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control. ▪ Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives. ▪ The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives. ▪ The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.
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.	▪ The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. ▪ 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. ▪ The organization considers the potential for fraud in assessing risks to the achievement of objectives. ▪ The organization identifies and assesses changes that could significantly impact the system of internal control.
Control Activities	Control activities are the policies and procedures that help ensure that management's directives are carried out.	▪ The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. ▪ The organization selects and develops general control activities over technology to support the achievement of objectives. ▪ The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

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.	▪ The organization obtains or generates and uses relevant, quality information to support the functioning of internal control. ▪ The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control. ▪ The organization communicates with external parties regarding matters affecting the functioning of internal control.
Monitoring Activities	Monitoring is a process that assesses the quality of internal control performance over time.	▪ The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning. ▪ 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.

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

Appendix 4

Deferred Maintenance Projects

The Texas Facilities Commission's (Commission) deferred maintenance projects for the 2016-2017, 2018-2019, and 2020-2021 bienniums are listed in Tables 4, 5, and 6. The projects are summarized by building(s) requiring deferred maintenance repairs, brief description, status, and estimated budget for each project as of April 30, 2020. The total budget for each biennium matches or is lower than the deferred maintenance appropriations received by the Commission in the associated General Appropriations Act.

Table 4

Deferred Maintenance Projects for 2016-2017 Biennium			
Building(s)	**Project Description**	**Status** [a]	**Budget**
▪ 44 office buildings ▪ 8 warehouse/storage facilities ▪ 9 special use facilities ▪ 47 Texas School for the Deaf buildings ▪ 34 Texas School for the Blind and Visually Impaired buildings ▪ 19 parking garages ▪ 33 parking lots.	To provide condition assessment for the Commission to include 44 office buildings, 8 warehouse/storage facilities, 9 special use facilities, 47 Texas School for the Deaf buildings, 34 Texas School for the Blind and Visually Impaired campus buildings, 19 parking garages, and 33 parking lots.	Closeout Phase	$ 2,158,150
▪ Insurance Building ▪ Price Daniel, Sr. Building ▪ Supreme Court Building ▪ Sam Houston Building ▪ Tom C. Clark Building	Insurance Building- Repairs to security, life safety, mechanical systems, exterior windows, architectural finishes, rain water drainage, and waterproofing systems. Price Daniel, Sr. Building- Repairs to mechanical systems and enhancement to indoor air quality. Supreme Court Building- Enhancement to indoor air quality, repairs to security systems, elevators, and mechanical and electrical systems. Sam Houston Building- Repairs to mechanical systems. Tom C. Clark Building- Enhancement to indoor air quality, repairs to elevators, and mechanical and waterproofing systems.	Design Phase	16,602,952
▪ Lyndon B. Johnson Building	Repairs to elevators, life safety, mechanical, plumbing, and electrical systems.	Complete	14,650,000
▪ Stephen F. Austin Building	Repairs to mechanical and plumbing systems.	Complete	13,868,617
▪ William B. Travis Building	Repairs to mechanical systems and enhancement to indoor air quality.	Closeout Phase	16,544,412
▪ James E. Rudder Building ▪ William P. Clements Building ▪ William P. Hobby Building	Repair/replace elevators in buildings and accessibility compliance for elevators.	Construction Phase	17,259,693
▪ Central Services Building ▪ Insurance Annex ▪ John H. Reagan Building ▪ Robert E. Johnson Building	Central Services Building- Repair to fire protection, mechanical systems, plumbing systems, paving, elevators, and boilers. Insurance Annex- Repairs to mechanical systems.	Closeout Phase	14,300,513

Deferred Maintenance Projects for 2016-2017 Biennium			
Building(s)	**Project Description**	**Status [a]**	**Budget**
▪ E.O. Thompson Building ▪ Thomas Jefferson Rusk Building ▪ William P. Clements Building	John H. Reagan Building - Repairs to mechanical and electrical systems. Robert E. Johnson Building - Repairs to security, mechanical, and electrical systems. E.O. Thompson Building - Repairs to security systems; enhancement to indoor air quality, mechanical systems and architectural systems. Thomas Jefferson Rusk Building - Repairs to security, elevators, and mechanical systems. William P. Clements Building - Repairs to electrical systems and enhancement to indoor air quality.		
▪ All Buildings in Commission Inventory	Repairs/replacement of fire protection systems to various buildings as determined necessary from assessment.	Design Phase	13,992,954
▪ Brown-Heatly Building	Repair/replace elevators in buildings and accessibility compliance for elevators.	Construction Phase	2,486,402
▪ Department of State Health Services (DSHS) Old Power Plant	Repairs to mechanical, electrical, and plumbing systems, and fire protection and security systems.	Complete	1,377,782
▪ DSHS Building F ▪ DSHS Old Power Plant ▪ DSHS Records Building ▪ DSHS Tower ▪ Dr. Robert Bernstein Building	DSHS Building F - Repairs to mechanical systems. DSHS Old Power Plant - Tying in the main electrical for the Tower Building and the G building. DSHS Records Building - Repairs to mechanical, electrical, and plumbing systems, restrooms, paving, and architectural finishes. DSHS Tower - Repairs to fire protection, mechanical, electrical, and plumbing systems, and architectural finishes. Dr. Robert Bernstein Building - Repairs to elevators, mechanical, electrical, and plumbing systems, security systems, and enhancement of indoor air quality.	Construction Phase	14,896,051
▪ Brown-Heatly Building ▪ Department of Assistive and Rehabilitative Services Administration Building ▪ Dr. Bob Glaze Laboratory Services ▪ DSHS Headquarters Building ▪ DSHS Building H ▪ Department of Health Old Laboratory ▪ DSHS Old Laboratory A-600 ▪ DSHS Service Building ▪ DSHS Annex ▪ Disaster Recovery Operations ▪ Human Services Warehouse	Brown-Heatly Building - Repairs to accessibility, electrical and mechanical systems. Department of Assistive and Rehabilitative Services Administration Building-Repairs to elevators. Dr. Bob Glaze Laboratory Services - Repairs to mechanical, roofing systems and enhancement to indoor air quality. DSHS Headquarters Building - Enhancement to indoor air quality. DSHS Building H - Repairs to mechanical and electrical systems. Department of Health Old Laboratory - Repairs to roofing, mechanical systems, plumbing systems, electrical systems, elevators, and enhancement of indoor air quality. DSHS Old Laboratory A-600- Repairs to roofing, mechanical systems, plumbing systems, electrical systems, elevators, and enhancement of indoor air quality. DSHS Service Building- Repairs to mechanical systems and architectural finishes.	Construction Phase	9,775,736

Deferred Maintenance Projects for 2016-2017 Biennium			
Building(s)	**Project Description**	**Status [a]**	**Budget**
	DSHS Annex- Repairs to security systems, elevators, mechanical systems, plumbing systems, electrical systems, and architectural finishes. Disaster Recovery Operations- Repairs to mechanical systems, electrical systems, and enhancement of indoor air quality. Human Services Warehouse- Repairs to elevators, mechanical systems, and enhancement of indoor air quality.		
▪ John H. Winters Building	Repairs to data center, life safety, accessibility, fire protection, mechanical systems, plumbing systems, electrical systems, and architectural finishes.	Closeout Phase	15,975,579
▪ Various State Parking Garages	Repair and replacement of elevators.	Design Phase	5,324,864
▪ Park 35 Building A ▪ Park 35 Building B ▪ Park 35 Building C ▪ Park 35 Building D ▪ Park 35 Building E ▪ Promontory Point	Park 35 Building A- Repairs to mechanical, architectural, and enhancement of indoor air quality. Park 35 Building B- Repairs to roofing, mechanical, electrical, and architectural finishes. Park 35 Building C- Repairs to mechanical systems and enhancement of indoor air quality. Park 35 Building D- Repairs of mechanical systems. Park 35 Building E- Enhancement of indoor air quality. Promontory Point- Enhancement to indoor air quality and renovate existing vacant office space into warehouse/training space.	Construction Phase	8,064,033
▪ William P. Hobby Building	Repairs to mechanical, electrical, and plumbing systems and fire protection.	Closeout Phase	8,537,100
▪ Carlos F. Truan Natural Resource Center	Enhancement to indoor air quality; repairs to elevators, mechanical systems, and waterproofing systems.	Complete	35,788
▪ El Paso State Office Building	Repairs to mechanical, electrical, and security systems.	Complete	814,169
▪ El Paso State Office Building	Repairs to garage.	Complete	75,000
▪ Fort Worth State Building	Repairs to electrical systems and electrical generator.	Complete	1,720
▪ Elias Ramirez State Building	Repairs to accessibility compliance parking paving, mechanical systems, and drainage pipes.	Complete	26,207
▪ Waco State Building/Raleigh State Office Building	Repairs to chillers.	Complete	121,004
▪ Texas School for the Blind and Visually Impaired Buildings (buildings and site)	Repair/replacement of fire protection, life safety systems, mechanical systems, plumbing systems, electrical systems, and architectural improvements.	Complete	2,304,255
▪ Texas School for the Deaf (buildings and site)	Repair/replacement of fire protection, life safety systems, mechanical systems, plumbing systems, electrical systems, and architectural improvements.	Construction Phase	37,729,601
Total Budget			**$216,922,582**

Deferred Maintenance Projects for 2016-2017 Biennium			
Building(s)	**Project Description**	**Status [a]**	**Budget**

[a] The status of each deferred maintenance project was categorized by auditors into one of seven phases: (1) not started—no funds spent for project or the project has not entered the design phase; (2) ongoing—project for emergency deferred maintenance purchase orders; (3) pre-design phase—project has incurred minor expenditures but an architect engineer has not been selected for design phase; (4) design phase—architect engineer has begun the assessment and project design; (5) construction phase—design phase is complete and contractor has started construction; (6) closeout phase—construction phase complete but final payment has not been issued due to warranty period; and (7) complete—final payments have been issued to architect engineer and contractor.

Source: The Commission.

Table 5

Deferred Maintenance Projects for 2018-2019 Biennium			
Building(s)	**Project Description**	**Status [a]**	**Budget**
▪ Various	Repair/replacement for deferred maintenance emergencies as needed.	Ongoing	$ 3,000,000
▪ Stephen F. Austin Building ▪ William B. Travis Building	Repair of outside air handling units, fire separations, lightning protection, plumbing, and associated accessibility. *This project is adding funds to existing projects for each building.*	Complete	5,850,000
▪ Insurance Building/Insurance Annex ▪ William P. Clements Building ▪ Robert E. Johnson Building ▪ Price Daniel, Sr. Building ▪ Supreme Court Building ▪ Tom C. Clark Building	Renovation/replacement of air handling units, outside air handling units, air distribution system and control; exterior cladding waterproofing repairs; emergency power and cooling connections; and life safety systems.	Construction Phase	39,000,000
▪ Dr. Bob Glaze Laboratory Services and associated buildings	Repair/replace mechanical systems and enhancement to indoor air quality; replace/repair of electrical and plumbing systems; life safety and fire protection systems; repairs of exterior envelope; and repair/replace roof. *This project is adding funds to an existing project at the buildings.*	Design Phase	10,000,000
▪ DSHS Building G ▪ DSHS Building K ▪ DSHS Tower Building ▪ DSHS Records Building ▪ Robert D Moreton Building ▪ DSHS Building F ▪ DSHS Service Building ▪ Dr. Robert Bernstein Building	Renovation/replacement of air handling units, outside air handling units, air distribution system and control; structural/cladding/waterproofing repairs; and life safety systems.	Design Phase	19,500,000
▪ Disaster Recovery Operations	Replace deteriorated cooling water loop and pumps supplying cooling water to data center. *This project is adding funds to an existing project at the building.*	Closeout Phase	2,000,000
▪ Parking Garage A ▪ Parking Garage B ▪ Parking Garage F ▪ Parking Garage G ▪ Parking Garage J ▪ Price Daniel, Sr. Building; Parking Garage M1 ▪ Tom C. Clark Building (TCC); Parking Garage M2	Repair/replacement of elevators. *This project is adding funds to an existing project at the garages.*	Design Phase	2,200,000
▪ Various state parking garages	Repairs to site work building envelope, expansion joints, structural systems; accessibility compliance; and repair for leaks and water intrusion problems.	Design Phase	5,150,000
▪ Park 35	Repair/replace cooling tower, distribution system, and associated controls.	Design Phase	2,300,000

Deferred Maintenance Projects for 2018-2019 Biennium			
Building(s)	**Project Description**	**Status [a]**	**Budget**
▪ El Paso State Office Building	Roof replacement and waterproofing repairs.	Complete	1,000,000
Total Budget			**$90,000,000**

[a] The status of each deferred maintenance project was categorized by auditors into one of seven phases: (1) not started—no funds spent for project or the project has not entered the design phase; (2) ongoing—project for emergency deferred maintenance purchase orders; (3) pre-design phase—project has incurred minor expenditures but an architect engineer has not been selected for design phase; (4) design phase—architect engineer has begun the assessment and project design; (5) construction phase—design phase is complete and contractor has started construction; (6) closeout phase—construction phase complete but final payment has not been issued due to warranty period; and (7) complete—final payments have been issued to architect engineer and contractor.

Source: The Commission.

Table 6

Deferred Maintenance Projects for 2020-2021 Biennium			
Building(s)	**Project Description**	**Status [a]**	**Budget**
▪ Lyndon B. Johnson Building	Repairs to mechanical, electrical, and plumbing systems, site work, plaza water infiltration remediation, and roofing.	Not Started	$ 5,565,648
▪ Supreme Court Building ▪ Price Daniel, Sr. Building ▪ Tom C. Clark Building	Replacement of lighting with energy-efficient lighting.	Not Started	500,000
▪ Lorenzo de Zavala Archives and Library ▪ Central Services Building ▪ Insurance Building ▪ Insurance Annex ▪ James E. Rudder Building ▪ John H. Reagan Building ▪ Price Daniel, Sr. Building ▪ Robert E. Johnson Building ▪ Supreme Court Building ▪ Stephen F. Austin Building ▪ Sam Houston Building/Central Physical Plant ▪ Thomas Jefferson Rusk Building ▪ William B. Travis Building ▪ William P. Clements Building	Repairs to mechanical, electrical, and plumbing systems, life safety systems, fire protection systems, security systems, accessibility compliance, and building envelope repairs.	Not Started	21,969,195
▪ E.O. Thompson Building	Assessment of the building condition.	Not Started	1,352,046
▪ Brown-Heatly Building	Repairs to mechanical, electrical and plumbing systems, life safety and fire protection, security systems, building envelope, and roofing.	Not Started	11,246,739
▪ John H. Winters Building ▪ Dr. Robert Bernstein Building ▪ Robert D. Moreton Building ▪ Insurance Warehouse	Repairs to mechanical, electrical, and plumbing systems, life safety systems, and fire protection.	Not Started	7,789,271
▪ Disaster Recovery Operations ▪ Dr. Bob Glaze Laboratory ▪ Department of Health Building B ▪ DSHS Building F ▪ DSHS Old Power Plant ▪ DSHS Tower ▪ DSHS Records Building	Repairs to mechanical, electrical, and plumbing systems and life safety, fire protection systems, security systems, site work, drainage, envelope systems, and chiller replacement.	Not Started	35,621,170
▪ Park 35 Building A ▪ Park 35 Building B ▪ Park 35 Building C ▪ Park 35 Building D ▪ Park 35 Building E ▪ Promontory Point	Repairs to mechanical, electrical, and plumbing systems, life safety, fire protection systems, security systems, and accessibility.	Not Started	16,993,732

Deferred Maintenance Projects for 2020-2021 Biennium			
Building(s)	**Project Description**	**Status [a]**	**Budget**
▪ Various state parking garages	Repairs to life safety and fire protection systems; electrical systems; concrete repairs; and accessibility compliance.	Design Phase	2,150,631
▪ Elias Ramirez State Building	Repairs to structural system and mechanical, electrical, and plumbing systems.	Not Started	2,587,919
▪ Texas School for the Deaf Campus (buildings and site)	Repairs to electrical and plumbing systems, building envelopes, site work, roofing, vehicle and pedestrian site work, and architectural finishes.	Not Started	7,717,868
▪ Texas School for the Blind and Visually Impaired Campus (buildings and site)	Repairs to building envelope, communication systems, air-handler replacements, accessibility compliance, and architectural finishes.	Pre-Design Phase	6,728,782
Total Budget			**$120,223,001**

[a] The status of each deferred maintenance project was categorized by auditors into one of seven phases: (1) not started—no funds spent for project or the project has not entered the design phase; (2) ongoing—project for emergency deferred maintenance purchase orders; (3) pre-design phase—project has incurred minor expenditures but an architect engineer has not been selected for design phase; (4) design phase—architect engineer has begun the assessment and project design; (5) construction phase—design phase is complete and contractor has started construction; (6) closeout phase—construction phase complete but final payment has not been issued due to warranty period; and (7) complete—final payments have been issued to architect engineer and contractor.

Source: The Commission.

Appendix 5

Related State Auditor's Office Report

Table 7

Related State Auditor's Office Report		
Number	**Report Name**	**Release Date**
19-016	*An Audit Report on Selected Capitol Complex Project Contracts at the Texas Facilities Commission*	December 2018

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair
The Honorable Dennis Bonnen, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable Giovanni Capriglione, House Appropriations Committee
The Honorable Dustin Burrows, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Texas Facilities Commission

Members of the Texas Facilities Commission
- Mr. William Allensworth, Chair
- Mr. Steven Alvis
- Mr. Brian Bailey
- Ms. Patti C. Jones
- Mr. C. Price Wagner

Mr. Mike Novak, Executive Director