



A Report on

# Contract Monitoring Assessment at Certain State Agencies

April 28, 2022

Members of the Legislative Audit Committee:

In accordance with Texas Government Code, Section 2261.258, the State Auditor's Office (SAO) has assigned contract monitoring ratings of *additional monitoring warranted*, *reduced monitoring warranted*, or *no additional monitoring warranted* to each of the 25 largest state agencies. Those agencies were determined by the Legislative Budget Board. That statute requires a report on those ratings to be submitted to the Office of the Comptroller of Public Accounts (Comptroller's Office) and the Department of Information Resources (Department) by September 1 of each year; that report is attached to this letter. The Comptroller's Office and the Department are responsible for developing guidelines for the *additional* and *reduced* monitoring.

For the purposes of this project, the SAO reviewed and analyzed relevant information from sources specified in Texas Government Code, Section 2261.258 (see text box). Ratings of *additional monitoring warranted* or *reduced monitoring warranted* were assigned only after consideration of multiple sources of information.

Agencies were rated as follows:

- Six (24 percent) were rated *additional monitoring warranted* for at least one contracting period.
- Three (12 percent) were rated *reduced monitoring warranted* for at least one contracting period.
- Sixteen (64 percent) were rated *no additional monitoring warranted* for all contracting periods.

For each agency assigned a rating of *additional monitoring warranted* or *reduced monitoring warranted*, the SAO specifies the contracting period(s) to which that rating applies (contract solicitation development, contract formation and award, or contract management and termination).

### Objective, Scope, and Methodology

The objective of this project was to assign contract monitoring ratings to the 25 largest state agencies, as determined by the Legislative Budget Board. The project scope included information from September 1, 2017, through February 28, 2022.

Contracting-related information reviewed included audits conducted by the State Auditor's Office, audits conducted by agencies' internal audit divisions, purchase audits conducted by the Office of the Comptroller of Public Accounts, Quality Assurance Team<sup>a</sup> reviews, Contract Advisory Team<sup>a</sup> reviews, Legislative Budget Board reviews, Sunset Advisory Team reviews, and self-reported improvements and analyses provided by the agencies rated. This project was not an audit, and the information in this report was not subjected to all the tests and confirmations that would be performed in an audit. However, the information in this report was subjected to certain quality control procedures to ensure accuracy.

The following members of the State Auditor's staff performed the project:

- Jennifer Grant, CFE (Project Manager)
- Lindsay Escalante, MPSA (Assistant Project Manager)
- Mary Ann Wise, CPA, CFE (Quality Control Reviewer)
- Cesar Saldivar, CIA, CFE, CGAP (Audit Manager)

<sup>a</sup> The SAO serves on the Quality Assurance Team and the Contract Advisory Team in a non-voting, advisory capacity.

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Members of the Legislative Audit Committee

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Sincerely,

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

Attachment

cc: The Honorable Greg Abbott, Governor  
The Honorable Glenn Hegar, Comptroller of Public Accounts  
Members of the Department of Information Resources Governing Board  
Ms. Amanda Crawford, Executive Director, State Chief Information Officer, Department  
of Information Resources  
Mr. Jerry McGinty, Director, Legislative Budget Board  
Commissioners, Executive Directors, Chancellors, and Presidents of the Following State  
Agencies and Higher Education Institutions:  
Commission on Environmental Quality  
Department of Criminal Justice  
Department of Family and Protective Services  
Department of Motor Vehicles  
Department of Public Safety  
Department of State Health Services  
Department of Transportation  
General Land Office and Veterans' Land Board  
Health and Human Services Commission  
Higher Education Coordinating Board  
Parks and Wildlife Department  
Soil and Water Conservation Board  
Teacher Retirement System  
Texas A&M University System  
Texas Education Agency  
Texas Facilities Commission  
Texas Tech University  
Texas Tech University Health Sciences Center  
Texas Tech University Health Sciences Center at El Paso  
Texas Workforce Commission  
The University of Texas Health Science Center at Houston  
The University of Texas System Administration  
University of Houston  
University of North Texas Health Science Center at Fort Worth



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# Attachment

## Contract Monitoring Assessment

Tables 1 through 3 list the contract monitoring ratings assigned by the State Auditor’s Office to the 25 largest state agencies, as determined by the Legislative Budget Board. For each agency assigned a rating of *additional monitoring warranted* or *reduced monitoring warranted*, the contracting period(s) to which that rating applies are specified.

Table 1

Rating: <i>Additional Monitoring Warranted</i>			
Agency	Applicable Contracting Period(s) <sup>a</sup>		
	Contract Solicitation Development	Contract Formation and Award	Contract Management and Termination
Department of Public Safety	✓		
Department of State Health Services	✓		
Health and Human Services Commission	✓		✓
Teacher Retirement System			✓
Texas Education Agency	✓	✓	✓
Texas Workforce Commission		✓	✓

<sup>a</sup> The absence of a checkmark indicates no additional monitoring warranted for that contracting period.

Table 2

Rating: <i>Reduced Monitoring Warranted</i>			
Agency	Applicable Contracting Period(s) <sup>a</sup>		
	Contract Solicitation Development	Contract Formation and Award	Contract Management and Termination
Higher Education Coordinating Board		✓	✓
Parks and Wildlife Department		✓	
University of North Texas Health Science Center at Fort Worth			✓
<sup>a</sup> The absence of a checkmark indicates no additional monitoring warranted for that contracting period.			

Table 3

Rating: <i>No Additional Monitoring Warranted (For All Contracting Periods)</i>	
Agency	
<ul style="list-style-type: none"> <li>▪ Commission on Environmental Quality</li> <li>▪ Department of Criminal Justice</li> <li>▪ Department of Family and Protective Services</li> <li>▪ Department of Information Resources</li> <li>▪ Department of Motor Vehicles</li> <li>▪ Department of Transportation</li> <li>▪ General Land Office and Veterans' Land Board</li> <li>▪ Soil and Water Conservation Board</li> </ul>	<ul style="list-style-type: none"> <li>▪ Texas A&amp;M University System</li> <li>▪ Texas Facilities Commission</li> <li>▪ Texas Tech University</li> <li>▪ Texas Tech University Health Sciences Center</li> <li>▪ Texas Tech University Health Sciences Center at El Paso</li> <li>▪ The University of Texas Health Science Center at Houston</li> <li>▪ The University of Texas System Administration</li> <li>▪ University of Houston</li> </ul>