



A Report on

# The Self-reported Implementation of Sunset Advisory Commission Management Actions

- The State Auditor's Office (SAO) obtained state entities' self-reported implementation statuses for 100 nonstatutory recommendations (management actions).
- SAO auditors reviewed the implementation statuses of 37 selected management actions.

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

State entities provided their self-reported implementation statuses for nonstatutory recommendations (management actions) included in the *Sunset Advisory Commission Report to the 87th Legislature*. SAO auditors reviewed the implementation statuses of selected management actions that some of those entities reported as fully implemented and that the Sunset Advisory Commission rated as having either a high or medium priority.

*Texas Government Code, Section 325.012(d), provides for the State Auditor's Office's examination of the nonstatutory recommendations (management actions) that the Sunset Advisory Commission makes.*

## IMPLEMENTATION STATUS DETERMINED BY THE STATE AUDITOR'S OFFICE

The SAO selected and reviewed the implementation statuses for 37 management actions from 10 state entities and made the following determinations:

- 31 (83.8 percent) of the management actions were fully implemented.
- 3 (8.1 percent) were substantially implemented.
- 3 (8.1 percent) had an incomplete or ongoing implementation.

[Chapter 1 | p. 2](#)

## ENTITIES' SELF-REPORTED STATUS

The SAO obtained from 11 state entities their self-reported implementation statuses for 100 management actions. The entities reported to the SAO that on or before September 2022:

- 69 (69.0 percent) management actions were fully implemented.
- 9 (9.0 percent) were substantially implemented.
- 19 (19.0 percent) had an incomplete or ongoing implementation.
- 3 (3.0 percent) were not implemented.

[Chapter 2 | p. 11](#)

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

February 2023 | Report No. 23-017



## Chapter 1 Implementation Status Determined by the State Auditor’s Office

Figure 1 summarizes the implementation statuses that the State Auditor’s Office determined for 37 nonstatutory recommendations (management actions) directed to 10 state entities in the *Sunset Advisory Commission Report to the 87th Legislature*. Those entities reported that the 37 management actions had been fully implemented as of September 2022. Auditors verified that 31 of those management actions were fully implemented, 3 were substantially implemented, and 3 were incomplete or ongoing.

Figure 1

### *Summary of State Auditor’s Office Determination of the Implementation of Sunset Advisory Commission Management Actions*

Entity	Total Number of Management Actions	Fully Implemented	Substantially Implemented	Incomplete or Ongoing
Animal Health Commission	8	8		
Brazos River Authority	7	6	1	
Commission on Fire Protection	4	3		1
Commission on Jail Standards	3	1		2
Credit Union Department	1	1		
Department of Agriculture	1	1		
Department of Licensing and Regulation	1	1		
Parks and Wildlife Department	10	8	2	
Prepaid Higher Education Tuition Board	1	1		
Teacher Retirement System	1	1		
<b>Total</b>	<b>37</b>	<b>31</b>	<b>3</b>	<b>3</b>

For instances in which auditors determined that a management action was not fully implemented, comments in Figure 2 explain the reasoning for that determination. For those management actions with no comment, auditors confirmed that the management action had been fully implemented.

**Implementation Status Definitions**






















-  **Fully Implemented:** Successful development and use of a process, system, or policy to implement a recommendation.
-  **Substantially Implemented:** Successful development but inconsistent use of a process, system, or policy to implement a recommendation.
-  **Incomplete or Ongoing:** Ongoing development of a process, system, or policy to address a recommendation.
-  **Not Implemented:** Lack of a formal process, system, or policy to address a recommendation.




Figure 2






*State Auditor’s Office Determination of the Implementation Status of Selected Sunset Advisory Commission Management Actions*









Management Action	State Auditor’s Office’s Determination of the Implementation Status	State Auditor’s Office Comments <sup>a</sup>
<b>Animal Health Commission (TAHC)</b>		
Direct TAHC to complete and implement its penalty matrix by February 1, 2021.		
Direct TAHC to include explicit guidance in all field manuals on documenting incidents of noncompliance and corresponding educational conversations.		
Direct TAHC to share its compliance database with regional office to facilitate information flow between Austin and the field by February 1, 2021.		

Management Action	State Auditor’s Office’s Determination of the Implementation Status	State Auditor’s Office Comments <sup>a</sup>
<p>Direct TAHC and TDA [Texas Department of Agriculture] to enter into a memorandum of understanding to ensure TAHC is notified when animals are rejected at state animal export facilities by February 1, 2021.</p> <p>Direct TAHC to work with TDA to conduct a study that tracks animals rejected at any export facility, which should include the reason for rejection, length of time between when a rejection occurs and when it is reported to TAHC, final resolution of rejection, solutions to resolve any gaps in reporting requirements, and any other significant findings. The report findings should be reported to the Legislature and the Sunset Commission by June 30, 2022.</p>		
<p>Direct TAHC to review and update all training materials and guidelines for consistency and conformity with statute and rules.</p>		
<p>Direct TAHC to provide clear, consistent public information about state animal health laws and rules, regulatory programs, and appeals processes by February 1, 2021.</p>		
<p>Direct TAHC to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law, and to update the Sunset Commission on its progress by February 1, 2021.</p>		
<p>Direct TAHC and Texas A&amp;M AgriLife Extension Service to enter into a memorandum of understanding to jointly develop and coordinate educational programs and information about animal health.</p>		
<b>Brazos River Authority (BRA)</b>		
<p>Direct BRA to develop and adopt an objective process and evaluation criteria for prioritizing its projects.</p>		
<p>Direct BRA to provide clearer information on project progression and expenditures.</p>		





Management Action	State Auditor’s Office’s Determination of the Implementation Status	State Auditor’s Office Comments <sup>a</sup>
Direct BRA to involve its board of directors more directly in developing its strategic plan.		
Direct the authority to develop a public engagement policy for water supply projects.		
Direct BRA to adopt objective criteria for awarding professional services contracts and document the basis for award decisions.		
Direct BRA to improve its contracting processes to ensure sufficient transparency and fairness, including publishing on its website the conflict-of-interest statements of the members of the vendor evaluation committees.		
Direct BRA to more comprehensively plan and monitor its efforts to increase workforce diversity.		<p>BRA had a diversity plan that (1) included the analysis of quarterly reports and (2) directed the agency to develop metrics for measuring success. Further, the BRA board received workforce demographics reports.</p> <p>However, the status of this management action was determined to be substantially implemented because BRA had not established targeted performance goals to be used to measure progress, as recommended by the Sunset Advisory Commission in the details of this management action.</p>
<b>Commission on Fire Protection (TCFP)</b>		
Direct TCFP to maintain documentation on complaints.		
Direct TCFP to create a standard complaint form and publish it in a prominent location on the agency’s website.		

Management Action	State Auditor’s Office’s Determination of the Implementation Status	State Auditor’s Office Comments <sup>a</sup>
Direct the commission to review rules covering how criminal convictions relate to eligibility for certification.		<p>An ad hoc firefighter advisory committee reviewed Texas Administrative Code, Title 37, Chapter 403 (Criminal Convictions and Eligibility for Certification), per the recommendation.</p> <p>However, the status of this management action was determined to be incomplete/ongoing because the TCFP rule review did not consider the Texas Occupations Code, Section 53.022 (Factors In Determining Whether Conviction Directly Relates To Occupation), as recommended by the Sunset Advisory Commission in the details of this management action. Further, TCFP did not have procedures to ensure that certification denial complied with all requirements in Texas Occupations Code, Chapter 53 (Consequences of Criminal Conviction).</p>
Direct TCFP to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law.		
<b>Commission on Jail Standards (TCJS)</b>		
Direct the agency to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law.		<p>TCJS developed a policy that requires the review of each of its rules every four years. However, the status of this management action was determined to be incomplete/ongoing because the Rules Workshop Advisory Committee that will conduct the four-year review had not been assembled as of November 2022. Further, as of November 2022, TCJS does not have a written policy showing that the rule review will include consideration of current factual, legal, and policy reasons, as well as practical experience for readopting each rule, as recommended by the Sunset Advisory Commission in the details of this management action. <sup>b</sup></p>

Management Action	State Auditor’s Office’s Determination of the Implementation Status	State Auditor’s Office Comments <sup>a</sup>
Direct the agency to develop clear, detailed procedures for investigating complaints.		TCJS expanded its written procedures to include some of the items recommended by the Sunset Advisory Commission in the details of this management action. However, the status of this management action was determined to be incomplete/ongoing because as of November 2022 TCJS did not have a policy regarding when and how field inspectors must review complaints as part of the inspection process nor what investigatory information should be reported back to the complaint inspector for inclusion in the agency database, as recommended by the Sunset Advisory Commission in the details of this management action. In addition, TCJS complaint inspectors had not finalized the checklist to be used to review documents in response to complaints as of November 2022. <sup>b</sup>
Direct the agency to conduct a staffing analysis to better align resource allocation with its core inspection function.		
<b>Credit Union Department</b>		
Direct the department to disclose summary complaint resolution information to complainants and document final disposition.		
<b>Department of Agriculture</b>		
Direct the department to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law by February 1, 2021, rather than December 1, 2020.		
<b>Department of Licensing and Regulation (TDLR)</b>		
Direct TDLR to discontinue comprehensive pre-license review of curricula.		

Management Action	State Auditor’s Office’s Determination of the Implementation Status	State Auditor’s Office Comments <sup>a</sup>
<b>Parks and Wildlife Department (TPWD)</b>		
<p>Direct TPWD to actively monitor its efforts to increase workforce diversity and report success measures to the Texas Parks and Wildlife Commission.</p>		<p>TPWD actively monitors its efforts to increase work force diversity. However, the status of this management action was determined to be substantially implemented because TPWD did not report the success measures at its Commission meeting. Instead, TPWD reported to the Commission some of the strategic actions the agency completed.</p>
<p>Authorize the Texas Parks and Wildlife Commission to provide an opportunity to access an informal review panel process for nonrecreational license and permit types at its discretion. Under this recommendation, any review panel process should occur after the agency sends notice of its intent to revoke or suspend a license.</p>		
<p>Direct TPWD to review and update all reporting deadlines and timeframes for licenses.</p>		
<p>Direct TPWD to improve and use the Natural Agenda as the agency’s sole, agencywide strategic plan.</p>		
<p>Direct TPWD to institute processes to better ensure consistent, actionable policies and practices across the agency’s divisions.</p>		
<p>Direct TPWD to fully identify and prioritize the risks of all of the agency’s activities in its risk assessment process.</p>		
<p>Direct TPWD to develop a more complete and diversified internal audit plan.</p>		
<p>Direct TPWD to use its newly developed quarterly audit status report to provide more information about the status and implementation of audit recommendations.</p>		



Management Action	State Auditor’s Office’s Determination of the Implementation Status	State Auditor’s Office Comments <sup>a</sup>
Direct the agency to ensure there is an opportunity for the public to submit written comments online for every Texas Parks and Wildlife Commission action item that requires a vote.		
Direct the agency to improve transparency of its advisory committees by providing easy access to the names of the advisory committees, the members and who they represent, and the committees’ meeting dates and minutes.		TPWD improved the transparency of its advisory committees by providing easy access to the names of the advisory committees, the members, and who they represent. However, the status of this management action was determined to be substantially implemented because TPWD provided access to the advisory committees’ meeting dates and minutes only for fiscal year 2021, not for fiscal year 2022.
<b>Prepaid Higher Education Tuition Board</b>		
Direct the board to update its websites to provide more user-friendly information, including information about the board and its operations.		
<b>Teacher Retirement System (TRS)</b>		
As a management action, direct TRS to provide more comprehensive information on TRS-Care healthcare costs to the Legislature and the Texas Department of Insurance in the consolidated TRS-Care report, including out-of-pocket costs for retirees such as co-payments, deductibles, and non-covered services. Also direct TRS to provide information on incentive payments to TRS investment staff in its Comprehensive Annual Financial Report, including the method of calculating incentive pay and the amounts paid.		

Management Action	State Auditor’s Office’s Determination of the Implementation Status	State Auditor’s Office Comments <sup>a</sup>
<p><sup>a</sup> Auditors reviewed the <i>Sunset Advisory Commission Report to the 87th Legislature</i> and the Sunset Advisory Commission’s entity-specific reports to determine the implementation status of selected management actions for the 10 state entities included in this table.</p> <p>The Sunset Advisory Commission’s reports include further details related to the management actions, such as the intent of the management actions and additional actions required to implement each recommendation.</p> <p>Auditors also consulted with Sunset Advisory Commission staff in making determinations on the implementation status for some management actions. Sunset Advisory Commission reports are available on its website at <a href="https://www.sunset.texas.gov/node/222">https://www.sunset.texas.gov/node/222</a>.</p> <p><sup>b</sup> After receiving the draft of this report for review, the Commission on Jail Standards management provided additional information, asserting that this management action was fully implemented in January 2023.</p>		

## Chapter 2

# Entities' Self-reported Status

Figure 3 summarizes the implementation statuses that entities self-reported for 100 nonstatutory recommendations (management actions) directed to 11 state entities in the *Sunset Advisory Commission Report to the 87th Legislature*.<sup>1</sup>

Figure 3

### *Summary of Entities' Self-reported Status of Implementation of Sunset Advisory Commission Management Actions*

Entity	Total Number of Management Actions	Fully Implemented	Substantially Implemented	Incomplete or Ongoing	Not Implemented
Animal Health Commission	8	8			
Brazos River Authority	8	7	1		
Commission on Fire Protection	5	4		1	
Commission on Jail Standards	15	10	1	3	1
Credit Union Department	10	6	1	2	1
Department of Agriculture	14	4	4	5	1
Department of Licensing and Regulation	6	3	1	2	
Parks and Wildlife Department	15	12	1	2	
Prepaid Higher Education Tuition Board	1	1			
Racing Commission	7	3		4	
Teacher Retirement System	11	11			
<b>Total</b>	<b>100</b>	<b>69</b>	<b>9</b>	<b>19</b>	<b>3</b>

<sup>1</sup> The Sunset Advisory Commission (Commission) issued management action recommendations to 13 entities during the 87th Legislature review cycle. However, auditors did not obtain the implementation status for the recommendations at two entities that are subject to Commission review again in the current year.

Figure 4 presents information on the entities’ self-reported status of the implementation of management actions. The State Auditor’s Office requested that the entities report the status of implementation of these management actions in September 2022. Some entities updated implementation dates and/or comments after receiving the draft of this report for review in January 2023.

**Implementation Status Definitions**















-  **Fully Implemented:** Successful development and use of a process, system, or policy to implement a recommendation.
-  **Substantially Implemented:** Successful development but inconsistent use of a process, system, or policy to implement a recommendation.
-  **Incomplete or Ongoing:** Ongoing development of a process, system, or policy to address a recommendation.
-  **Not Implemented:** Lack of a formal process, system, or policy to address a recommendation.






Figure 4







*Entities’ Self-reported Status of Implementation of Sunset Advisory Commission Management Actions*

Management Action	Self-reported Implementation Status	Entity Comments
<b>Animal Health Commission (TAHC)</b>		
Direct TAHC to complete and implement its penalty matrix by February 1, 2021. <sup>a</sup>	 as of June 29, 2020	
Direct TAHC to include explicit guidance in all field manuals on documenting incidents of noncompliance and corresponding educational conversations. <sup>a</sup>	 as of August 26, 2022	
Direct TAHC to share its compliance database with regional office to facilitate information flow between Austin and the field by February 1, 2021. <sup>a</sup>	 as of May 1, 2020	









Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TAHC and TDA [Texas Department of Agriculture] to enter into a memorandum of understanding to ensure TAHC is notified when animals are rejected at state animal export facilities by February 1, 2021.</p> <p>Direct TAHC to work with TDA to conduct a study that tracks animals rejected at any export facility, which should include the reason for rejection, length of time between when a rejection occurs and when it is reported to TAHC, final resolution of rejection, solutions to resolve any gaps in reporting requirements, and any other significant findings. The report findings should be reported to the Legislature and the Sunset Commission by June 30, 2022.<sup>a</sup></p>	<p style="text-align: center;"></p> <p style="text-align: center;">as of June 30, 2022</p>	<p>“(a) As a result of HB 1958 (87-R) and in consultation with Sunset Commission staff, the TAHC determined Tex. Agric. Code § 161.0445 and rules adopted pursuant to that section (See 4 TAC Ch. 45) substantially complies with and exceeds the management action because the requirement to notify TAHC of rejected animals applies to both state and privately owned facilities.</p> <p>(b) The TAHC collaborated with TDA [Texas Department of Agriculture], USDA [United States Department of Agriculture] and SENASICA [The National Service of Health, Food Safety, and Food Quality, Mexico] to complete and submit the report on June 30, 2022.”</p>
<p>Direct TAHC to review and update all training materials and guidelines for consistency and conformity with statute and rules.<sup>a</sup></p>	<p style="text-align: center;"></p> <p style="text-align: center;">as of October 9, 2020</p>	
<p>Direct TAHC to provide clear, consistent public information about state animal health laws and rules, regulatory programs, and appeals processes by February 1, 2021.<sup>a</sup></p>	<p style="text-align: center;"></p> <p style="text-align: center;">as of August 26, 2022</p>	
<p>Direct TAHC to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law, and to update the Sunset Commission on its progress by February 1, 2021.<sup>a</sup></p>	<p style="text-align: center;"></p> <p style="text-align: center;">as of February 2, 2021</p>	
<p>Direct TAHC and Texas A&amp;M AgriLife Extension Service to enter into a memorandum of understanding to jointly develop and coordinate educational programs and information about animal health.<sup>a</sup></p>	<p style="text-align: center;"></p> <p style="text-align: center;">as of July 27, 2021</p>	








Management Action	Self-reported Implementation Status	Entity Comments
<b>Brazos River Authority (BRA)</b>		
<p>Direct BRA to develop and adopt an objective process and evaluation criteria for prioritizing its projects.<sup>a</sup></p>	 as of April 2022	<p>“BRA has implemented a definitive process to evaluate and prioritize projects from the following perspectives: resource availability, organization and department workload, organizational priorities, level of effort, funding, and associated risks.</p> <p>This formal process is followed in developing an accurate Capital Improvement Plan to support our Annual Operating Plan and the organization’s activities. This process encompasses the prioritization activities that were already in place, while adding a additional aspects such as our project portfolio schedule and a project prioritization matrix.</p> <p>In addition, BRA is implementing a Risk-Based Asset Management and Capital Planning Program and Integrated Water Resources Plan. Both initiatives will further supplement the capital planning and prioritization process.”</p>
<p>Direct BRA to provide clearer information on project progression and expenditures.<sup>a</sup></p>	 as of November 2021	<p>“BRA has developed a ‘Project Update’ section of its website. This section allows the public and BRA customers the ability to view the status of various projects throughout the basin, including timeline and budget.</p> <p>BRA has also begun holding virtual public meetings the week after each Board meeting to provide updates on projects and strategic initiatives to both the public and our customers.</p> <p>BRA staff continues to provide weekly project updates to the Board of Directors via ‘GM Update’ emails, in addition to project updates provided at bi-monthly Board meetings.”</p>

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct BRA to involve its board of directors more directly in developing its strategic plan.<sup>a</sup></p>	<p> as of March 2021</p>	<p>“BRA has begun holding annual Strategic Planning Workshops. This allows the Board to view and make suggested changes to the strategic plan prior to any changes being recommended by staff. The plan is then placed on the BRA website for public viewing and input before again being taken before the Board for final consideration.</p> <p>The BRA Board has begun meeting every other month as opposed to quarterly, and linking staff agenda items to specific goals in the Strategic Plan.</p> <p>Additionally, the BRA has made improvements to its strategic planning process to track, assess, and report the implementation of the strategic initiatives identified in the plan.”</p>
<p>Direct the authority to develop a public engagement policy for water supply projects.<sup>a</sup></p>	<p> as of September 2021</p>	<p>“BRA amended its Operations Policies Manual to include a public engagement policy for water supply projects.”</p>
<p>Direct BRA to adopt objective criteria for awarding professional services contracts and document the basis for award decisions.<sup>a</sup></p>	<p> as of November 2021</p>	<p>“BRA amended its Purchasing Procedure to include the requirement to use scoring matrices during the vendor selection process.”</p>
<p>Direct BRA to evaluate and document vendor performance.</p>	<p></p>	<p>“BRA amended its Purchasing Procedure to include a requirement that vendor performance be documented for certain contracts. This process is being integrated into BRA’s Contract Management Database. A vendor evaluation form has been created. Project managers will automatically be prompted to complete the form at project close-out or when a contract comes up for renewal. Since this recommendation has been put in place, BRA has not had a contract reach a point where the vendor evaluation form would be used. Therefore we consider this recommendation to be substantially implemented until the vendor evaluation process and form are actually used with a specific vendor contract.”</p>
<p>Direct BRA to improve its contracting processes to ensure sufficient transparency and fairness, including publishing on its website the conflict-of-interest statements of the members of the vendor evaluation committees.<sup>a</sup></p>	<p> as of November 2021</p>	<p>“Each of the recommendations included in [this management action] have been implemented either through amendments to BRA’s Purchasing Procedure or through creation and use of new forms.”</p>

Management Action	Self-reported Implementation Status	Entity Comments
Direct BRA to more comprehensively plan and monitor its efforts to increase workforce diversity. <sup>a</sup>	 as of May 2022	“BRA has developed a diversity plan with specific goals and an annual reporting requirement.”
<b>Commission on Fire Protection (TCFP)</b>		
Direct TCFP to evaluate the continued usefulness and effectiveness of its advisory committees.		“The proposed rule was on the Commission agenda in April and again in July 2022. The Ad Hoc committee has a meeting scheduled for Sept 2 to discuss a few matters that were brought up in July and then the final draft of the proposed rule will go to the Commission on Oct. 27.”
Direct TCFP to maintain documentation on complaints. <sup>a</sup>	 as of April 1, 2022	“This was a staff project which was completed and implemented. We have already had a positive response.”
Direct TCFP to create a standard complaint form and publish it in a prominent location on the agency’s website. <sup>a</sup>	 as of April 22, 2022	“In conjunction with [the above management action], this recommendation was completed and implemented in April 2022. The complaint form can be found on the Agency’s web site. On the home page, there are three separate icons under the agency name. One of these icons reads ‘File Complaint’. Once you click that icon, you will be directed to the complaint form. Once the form is completed and submitted, it is assigned a tracking # and it is routed to the appropriate division Chief to investigate the complaint.”
Direct the commission to review rules covering how criminal convictions relate to eligibility for certification. <sup>a</sup>	 as of April 22, 2022	“A formal review of TAC [Texas Administrative Code] Title 37 Part 13 Chapter 403 Criminal Convictions & Eligibility for Certification was completed per TCFP Policy # 002 during the April 2022 Commission meeting.”
Direct TCFP to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law. <sup>a</sup>	 as of April 22, 2022	“On October 1, 2021 TCFP implemented Policy 002 Rule Review. This policy relates to Rule reviews for the agency.”



Management Action	Self-reported Implementation Status	Entity Comments
<b>Commission on Jail Standards</b>		
Direct the commission to review its rules for vague and ineffective standards, and improve their specificity and usefulness.		
Direct the agency to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law. <sup>a</sup>	 as of August 26, 2022	“The agency has created [a] schedule and policy for reviewing all rules every four years.” “The Commission members will review and approve/modify the schedule at the November 2022 commission meeting. The agency also created [a] related policy.”
Direct the agency to adjust its operational plan approval process so jails may have plans that implement higher-than-minimum standards.	 as of August 26, 2022	
Direct the agency to develop clear, consistent procedures for conducting its monthly risk assessment.		
Direct the agency to create a procedures manual detailing its inspection process.		
Direct the agency to develop clear, detailed procedures for investigating complaints. <sup>a</sup>	 as of September 1, 2022	“The agency has completed a detailed policy for investigating complaints as outlined in the sunset recommendations.”
Direct the agency to develop a formal process to refer non-jurisdictional complaints to the appropriate agency.	 as of September 1, 2022	
Direct the commission to prioritize complaint investigations by risk level.	 as of September 1, 2022	

Management Action	Self-reported Implementation Status	Entity Comments
Direct the agency to publicize additional information about its complaints process.	 as of January 19, 2023 <sup>b</sup>	“1. Under this recommendation, the agency would publish information on its website about the complaints process, Fully implemented. <a href="https://www.tcjs.state.tx.us/information/">https://www.tcjs.state.tx.us/information/</a> 2. including the types of complaints that are outside of the agency’s jurisdiction Fully implemented. 3. and how the appeals process works Fully implemented. 4. The commission should also include information about how to appeal the agency’s complaint decision in the notification letter sent to complainants to close out each complaint. The inspectors have added this to each response that falls within the commissions purview. It has now been added to the policy 01/19/2023. Fully implemented.”
Direct the agency to publish certain information on its website for a specified amount of time.		
Direct the agency to regularly review its Public Information Act requests and determine what information could be proactively published to optimize staff resources.		
Direct the agency to ensure consistent, cohesive data tracking.	 as of January 2023 <sup>c</sup>	
Direct the agency to expand certain procedures for information gathering and sharing to include more diverse groups of stakeholders.	 as of May 1, 2022	
Direct the agency to conduct a staffing analysis to better align resource allocation with its core inspection function. <sup>a</sup>	 as of March 1, 2022	“Management reviewed staff duties and developed a plan to reassign existing staff in an effort to better address demands.”
The agency should use its annual reporting requirement to proactively identify statutory changes needed to conduct its work more efficiently and effectively.	 as of February 1, 2022	


Management Action	Self-reported Implementation Status	Entity Comments
<b>Credit Union Department (CUD)</b>		


Direct the department to regularly analyze and report on complaint and enforcement data and trends.





as of November 2022<sup>d</sup>



“As part of our November 2021 Commission packet the Department reported our statistics on complaints. Also, the CUD hired a general counsel [GC] who started October 1, 2021. Part of the GC’s responsibilities includes complaints and overseeing assigned staff that process complaints. The GC also worked with former Commissioner Kolhoff on complaints. Mr. Kolhoff resigned from the CUD as of July 15, 2022, and the GC is now working with the Interim Commissioner on addressing complaints. Since the Sunset Review the CUD has experienced staffing turnover; including, losing the assigned staff person for processing complaints within a couple of weeks after the GC started. Subsequently, we encountered challenges filling the position with a qualified applicant and over the timeframe we contracted three temps to keep things going as we continued to search for a permanent replacement to process complaints. Overall, we’ve made underlying changes to our systems to better track the ‘types’ of complaints consistently across our systems and are working on what our reporting will look like for FY2023. As part of analyzing and reporting on complaints, the CUD created a new database that it intends to implement once permanent staff begins the week of September 6, 2022. The anticipated date of implementation of the database is during the fourth quarter of 2022; however, the effective date of the data is September 1, 2022—in preparation for the next fiscal year. This management action was fully implemented in November 2022.”

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct the department to establish clear procedures for processing and investigating all complaints it receives.</p>	<p style="text-align: center;"></p> <p>as of November 2022<sup>e</sup></p>	<p>“New rules were recently adopted regarding complaints; and the CUD has been implementing them into the complaint process. Thus, we have updated our complaint processes and our complaint forms and continue to work to always better the process. Further, we have streamlined the complaint process so that all complaint related emails are funneled through one email account except for mailed complaints. Due to previously mentioned staff turnover during a year in which the new complaint rules were adopted, there has been some delay in fully implementing this Sunset recommendation. However, we recently hired permanent staff anticipated to start the week of September 6, 2022. This individual will be responsible for processing complaints under the direction of the GC. All required reporting categories have been created for tracking in a new database as well in a tracking spreadsheet. For fiscal year 2023, we anticipate utilizing the categories for the annual compilation of statistical analysis of the CUD’s complaint and enforcement processes for the preceding fiscal year. Finally, in conjunction with the development of our strategic plan for BY2023 – 2027 we’re also evaluating the addition of a compliance examiner FTE [full-time employee] who would spend approximately half of their time handling complex complaints, including field investigations if necessary, and the rest of their time performing compliance reviews as part of a regular examination process. Until such time the position is created, we will continue to utilize current examination staff with compliance concentrations when field investigations are necessary. Our website has been updated to streamline the complaint process for consumers seeking to file a complaint via our website.</p> <p>This management action was fully implemented in November 2022.”</p>




Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct the department to disclose summary complaint resolution information to complainants and document final disposition. <sup>a</sup></p>	<p> as of June 1, 2022</p>	<p>“The CUD continually strives to better complaint processing and resolution/disposition information provided to consumers. The CUD on average responds to consumer complaints within 30 days, if not sooner. The responses include a description of the outcome and always strives to follow the rules’ guidance on complaint disposition. The response is sent to the consumer in the form of a letter explaining and documenting the outcome of the complaint. The letter provides a reason to the consumer for the resolution/disposition of the complaint. There are complaints we receive that trigger a more in-depth review of a particular credit union’s practice. These can be anonymous and open complaints or can also result in a pattern of complaints we receive for a particular credit union. In such an instance, we refer the complaint to the appropriate field examiner(s) for contemporaneous review or next examination review of a particular topic.”</p>




Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct the department to develop a penalty matrix.</p>		<p>“Administrative penalties and late fees are prescribed by three sections of the Tex. Finance Code (TFC). TFC §15.4044 provides the Department authority to assess a late fee against a credit union for the late payment of operating fees, TFC §122.101 provides the agency authority to charge late fees for the late filing of quarterly call reports, and TFC §122.260 provides the commissioner the ability to assess an administrative penalty against a credit union or designated person for violating an administrative action/order. Furthermore, the commission has adopted rules which provide clarity on when the fees can be assessed and provide the commissioner with flexibility to waive and/or reduce the fees at his/her discretion under certain situations, such as: good cause; if NCUA [National Credit Union Administration] is imposing a penalty for the late filing of a call report; a staff related issue (i.e. sickness, death, death of a family member, etc.) resulted in the late filing of a call report; the credit union has a sound history of compliance with the applicable section of the TFC and/or rule for which the penalty is being contemplated; the non-compliance of being late is not of a significant duration; the penalty/fee will not further exacerbate the unsafe and/or unsound condition of the credit union; etc.</p> <p>In July 2022, the Department’s Commissioner resigned from the Department. At present, the Commission is working diligently to fill the position. Once the position is filled, discussions with the new commissioner regarding this management action will ensue and it is anticipated a penalty matrix will be developed in accordance with the recommendations made by the Sunset Staff and presented to the commission for review and possible approval at its March 2023 commission meeting.”</p>
<p>Direct the department to more clearly communicate its authority and processes for investigating complaints, and complaint determinations.</p>	 as of June 2022	<p>“With every complaint that the CUD receives, as well as general complaint inquiries, the CUD provides the consumer with a complaint form, a link to how to file a complaint on the CUD website, and provides a pamphlet outlining the complaint process/investigation. Each complainant receives an acknowledgement letter and a closing letter. The complaint determination is contained in the closing letters. These letters provide an explanation as to the reason for the CUD’s determination regarding a complaint.”</p>






Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct the department to incorporate examiners’ review of all jurisdictional complaints into the credit union examination process.</p>		<p>“The Department has substantially initiated this recommendation and in some instances, refers complaints to examiners for follow-up review(s). Before referring a complaint, the office will make a documented determination of whether our agency possesses the proper regulatory authority to adjudicate the issue which resulted in the filing of the complaint and whether the issue should be incorporated into the Department’s risk focused examination process. Further, during FY23 the Department intends to implement a process to compile complaint data in periodic complaint reports, in order to review complaint processes at credit unions with the highest number of filed complaints, those credit unions who consistently receive complaints of the same nature/type(s), etc. This data will be provided to examiners to utilize as part of their scoping process prior to the start of an examination.”</p>
<p>Direct the Credit Union Commission to implement a more streamlined and reliable fee assessment policy and process.</p>		<p>“After receipt of the Sunset Report in 2020, the Commission reviewed and readopted the present operating fee rule without making any changes. Although the Department did not receive any public comments recommending potential changes to the rule, the Department continues to seek input from credit union executives and other interested parties. However, to date, a new operating fee process that is mutually acceptable to all interested parties has not been identified. The current operating fee structure has been in place since 2009 and continues to provide adequate funding of the Department’s budget. In addition, the current semi-annual billing structure was designed to ensure the state-chartered credit unions receive credit for any excess operating fees paid in, quickly after the agency completes its AFR [Annual Financial Report] and determines the amount of unexpended funds for the prior fiscal year. Generally, the final unexpended funds amount for a fiscal year is determined in November following the end of the preceding fiscal year end (August 31). The suggested annual operating fee billing could result in the credit unions not receiving credit for these unexpended funds until the following billing cycle (August of following year), which would be the second fiscal year after the period for which the funds were unused. With COVID-19 impacting Department spending for the last two budget years, the ability to return unspent funds has assisted the industry’s ability to absorb the</p>




Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct the commission to update its reserve fund policy to address long-term capital funding needs and maintain an adequate reserve balance.</p>	<p style="text-align: center;"></p> <p>as of November 2022<sup>d</sup></p>	<p>impact of the pandemic and ensured that an excess reserve is not being accumulated by the Department. In July 2022, the Commissioner resigned from the Department. At present, the Commission is working diligently to fill the position. Once a permanent commissioner is hired, discussions regarding potential changes to the operating fee rule will resume.”</p> <p>“The Commission approved an updated Reserve policy on November 6, 2020 increasing the contingency reserve maximum from \$845,000 to \$1,050,000. The increase is being funded over 5 budget years at \$51,250/year. As of May 31, 2022, the contingency reserve fund contained \$949,648.80. As of August 2022, the Commission is reviewing its policy manual for potential changes/improvements. An aggregate reserve balance policy which is adjusted each year and based on a percentage (i.e. 25% to 33%) of the Department’s annual budget, will ensure the reserve balance equals or exceeds three to four months of budgeted operating costs to cover unplanned expenses and possible revenue shortages. Recommended changes to the Commission Policy Manual are to be discussed at the November 2022 commission meeting. The Commission will be reminded of this Sunset Advisory Commission Management Action at that time.</p> <p>This management action was fully implemented in November 2022.”</p>
<p>Direct the commission to implement an independent audit process for the department.</p>	<p style="text-align: center;"></p>	<p>“In December the CUD posted a RFQ [Request for Quote] and received a couple of responses. At the March 2022 Audit Committee and Credit Union Commission meetings, the members voted to not award the contract and to rebid it for a future date with the end of December 2022 being the goal. The contract is intended to be award sometime in early 2023.”</p>




Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct the department to regularly update its website content.</p>	<p style="text-align: center;"></p> <p style="text-align: center;">as of February 26, 2022</p>	<p>“The Credit Union Department launched a redesigned website on Friday, February 26, 2022 to improve clarity to the user and their overall experience. Some of the new features/information included on the new web site include: 1) An improved content organization from the prior version; 2) Instructions and a Q&amp;A pamphlet are included on the website on how to file a complaint; 3) Information is included for new charter applications; 4) A document explaining the conversion process for federal to state credit union conversions is on the site; 5) Department contracts are listed and up to date; 6) A general explanation is included with the informational memorandum and regulatory bulletin portion of the site. 7) The website is monitored regularly by the IT Department and included on an internal tracking report for monitoring. 8) The new design offers a user-friendly layout; 9) New color schemes; and 10) The new design allows the user to access the website from any device. This means that users can access it from a browser such as Google, Edge, or Safari on any laptop, tablet, or mobile phone.”</p>
<b>Department of Agriculture (TDA)</b>		
<p>Direct TDA to establish a mission, goals, and objectives for the GO TEXAN program.</p>	<p style="text-align: center;"></p>	<p>“TDA has also worked with an outside firm to make program recommendations. Through their research phase, they contacted a sample of GO TEXAN Partners and have come back to TDA with some recommended changes to our program structure. We will be holding stakeholder listening sessions this fall and then filing rule changes to implement any changes.”</p>
<p>Direct TDA to develop a policy to ensure expired members comply with department rules.</p>	<p style="text-align: center;"></p>	<p>“▪ TDA sends cease and desist letters to all expired GO TEXAN Partners to officially notify them that they are no longer authorized to use the GO TEXAN Certification Mark.</p> <p>▪ Over the past year, TDA has worked to implement a Customer Relationship Management (CRM) system to track communications with GO TEXAN partners and other program participants. Staff will be required to adopt and utilize the CRM effective 9/1/22.</p> <p>▪ TDA’s Trade &amp; Business Development Division will implement a process to randomly select expired, non-renewing GO TEXAN partners for additional monitoring or inspection step which will be tracked in the CRM.”</p>



Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TDA to establish clear performance measures to evaluate its progress in meeting GO TEXAN program goals.</p>		<p>“Current LBB [Legislative Budget Board] Measures include:</p> <ul style="list-style-type: none"> <li>▪ Number of companies enrolled in TDA’s GO TEXAN Program</li> <li>▪ Number of businesses assisted</li> </ul> <p>In addition to these formal measures, TDA has reviewed identified other measures to help us better analyze the effectiveness of the GO TEXAN Program:</p> <ul style="list-style-type: none"> <li>▪ Number of businesses not renewing their GO TEXAN certification</li> <li>▪ Number of opportunities offered by TDA to GO TEXAN partners</li> </ul> <p>Additionally, TDA has re-established an annual partner survey to better understand the things TDA is doing well and where improvements are needed.”</p>
<p>Direct TDA to comply with statute directing rules and procedures for military service members, veterans, and military spouses by February 1, 2021, rather than December 1, 2020.</p>		<p>“This was added to the rules for structural and ag pesticide applicators several years ago, as well as added to license application forms. We do not have a written procedure, but we expedite all license applications. We also have provisions for those that have prior Dept. of Defense applicator licenses (EPA [Environmental Protection Agency] federally approved license), that will count towards training requirements, but some knowledge tests must be passed. We will get these procedures in writing.”</p>
<p>Direct TDA to establish a consistent policy for auditing continuing education providers and courses.</p>		<p>“Continuing education monitoring forms have been in place and random courses have been monitored in the past. A consistent policy for ag pesticide and structural pest control licensees is being developed to monitor the providers and courses throughout the state.”</p>
<p>Direct TDA and HHSC [Health and Human Services Commission] to share information about the licensing and registration status of food program participants.</p>		<p>“The notification procedure between HHSC and TDA regarding adverse action against Child and Adult Care Food Program (CACFP) participating sites is documented in Sec. 7600 the HHSC Child Care Regulation Handbook. TDA and HHSC have reviewed the handbook and made recommendations to further formalize the process to share information between agencies. This clarification in the HHSC procedure should resolve the potential gap identified in the Sunset Staff Recommendations report.”</p>



Management Action	Self-reported Implementation Status	Entity Comments
Direct TDA to collect and analyze data from its regulatory programs to increase their effectiveness.		“TDA has collected data on licensing, inspections and enforcement for years. The data is being used, but procedures are being developed to analyze the data to monitor inspections and licensing statistics on a consistent basis across programs for trends, staffing purposes, and needs for particular inspection types.”
Direct TDA to improve its stakeholder engagement, website content, and public information.		<p>“▪ TDA Communications will orchestrate expedited updates and curation of the website, following a current IT initiative to update the web content management software</p> <ul style="list-style-type: none"> <li>○ The software update will better secure the TDA website and infrastructure;</li> <li>○ The update includes processes to upgrade through several versions, discover incompatibilities with each phase, stabilize, then continue, so the initiative has been several months ongoing, with completion expected this Fall;</li> <li>○ The completed update will provide a distributed, delegated workflow for content changes, therefore spreading the work and expediting content revisions.</li> </ul> <p>Following this technology prerequisite, agency leaders and managers will be in a better position to begin a coordinated update to regulatory and grant program information, along with all other content on the website.”</p>
Direct TDA to provide a list to the Sunset Commission of any committees under this recommendation that would be removed from statute, but that are actively being used and that TDA intends to re-create. The sunset Commission changed the due date of this list from December 31, 2020, to February 1, 2021.		“All rulemaking actions associated with adoption of necessary repeals to implement this Sunset recommendation will be completed by August 31, 2022. TDA plans to re-establish the Wine Advisory Committee, Citrus Budwood Advisory Committee and Cotton Pest Management Zone Administrative Committees as a result of the rule review Texas Administrative Code, Chapter 1, Subchapter E (Advisory Committees) currently underway.”
Direct the department to adopt a policy to ensure each rule undergoes meaningful review pursuant to state law by February 1, 2021, rather than December 1, 2020. <sup>a</sup>	 as of January 1, 2021	“Action Fully Implemented”
Direct TDA to adopt policies implementing alternative rulemaking and dispute resolution by February 1, 2021, rather than December 1, 2020.	 as of August 1, 2020	“Action Fully Implemented”

Management Action	Self-reported Implementation Status	Entity Comments
Direct the State Seed and Plant Board to adopt policies regarding the separation of duties of board members from those of the department by February 1, 2021, rather than December 1, 2020.		“TDA staff will discuss with the Texas State Seed and Plant Board chairman for board action to develop and adopt policies on duties of board members and staff.”
Direct the Prescribed Burning board to remove subjective criteria from its certification application by February 1, 2021, rather than December 1, 2020.	 as of June 24, 2021	“The process was delayed due in part to Covid accommodations and waiting for the completion of session. The Board meets a minimum of two times a year and wanted to make sure to include any changes that may have occurred during the 87th Session.”
Direct the Boll Weevil Eradication Foundation to implement a reserve fund balance policy by February 1, 2021, rather than December 1, 2020.	 as of August 31, 2021	“The process was delayed due in part to COVID accommodations because the Foundation desired the policy development process to occur in person to the extent possible. The Chairman of the Board appointed a committee of the Board to study the issue and develop a recommendation in February of 2021. The committee made an interim report to the full Board in June of 2021, requested and received additional technical information during the summer of 2021, and presented its recommendation to the full Board for discussion and adoption at the August, 2021 meeting. The Board adopted the policy at that meeting.”

**Department of Licensing and Regulation (TDLR)**

Direct TDLR to remove from rule certain driver education school inspection requirements.		<p>“<b>Ongoing.</b> SECTION 5.71 of HB 1560 (87R) provides that rules must be adopted no later than June 1, 2023. Rules have been drafted and were approved by the advisory board on January 23, 2023, for publication in the Texas Register for public comment.</p> <p>These proposed rules will complete the implementation of risk-based inspections for this program. General rules setting out risk-based inspection procedures in TDLR’s Chapter 60 rules were separately adopted by the Texas Commission of Licensing and Regulation on January 6, 2023, and effective January 15, 2023.”<sup>f</sup></p>
--	---	--

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TDLR to discontinue comprehensive pre-license review of curricula.<sup>a</sup></p>	<p> as of September 2, 2021</p>	<p><b>“Fully Implemented.</b> All changes to implement this recommendation have been completed. Forms were updated to include a certification statement, rather than requiring submission of the curriculum, for the below programs on the following dates:</p> <ul style="list-style-type: none"> <li>- Parent Taught: November 2, 2020</li> <li>- Driver Education: December 11, 2020</li> <li>- Driving Safety: December 11, 2020</li> <li>- Exclusively for Adult: September 2, 2021”</li> </ul>
<p>Direct TDLR to list on its website only licensed instructors and providers, not the specific courses they offer.</p>	<p></p>	<p><b>“Ongoing.</b> SECTION 5.71 of HB 1560 (87R) provides that rules must be adopted no later than June 1, 2023. TDLR is currently migrating the program to another licensing application, which will implement the required change to display only instructors and providers.”<sup>f</sup></p>

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TDLR to adopt policies to train intake staff, investigators, legal assistants, and attorneys on how to apply new policies regarding prioritization of complaint investigations to their caseloads.</p>		<p><b>“Policies to Train Staff on Applying Risk-based Prioritization Policies – Substantially Implemented.</b> Beginning in June 2021, Enforcement developed detailed procedures for handling prioritized complaints through the Intake, Investigations, and Prosecution sections. Enforcement also made several modifications in its case management system to provide for improved identification and tracking of prioritized cases.</p> <p><b>Initial Implementation</b> In October 2021, Enforcement selected Air Conditioning and Refrigeration (ACR), a program with a significant consumer complaint component, as the first program in which to deploy a prototype complaint prioritization schedule. Managers provided training to staff in each section in anticipation of the deployment of prioritization in the ACR program in October 2021.</p> <p><b>Ongoing Review of Procedures</b> Enforcement has monitored the new procedure at work in ACR and identified needed improvements that will benefit the division as it moves forward with prioritization in each of the 37 regulatory programs administered by TDLR. Staff training on the improved procedures was provided in October 2022 to the Intake, Investigations, and Prosecution sections. In November 2022, complaint prioritization was deployed for the Massage Therapy program. Work is in progress to implement prioritization for Towing, Vehicle Storage, and Electricians complaints. By September 2023, TDLR expects to have complaint prioritization operational for programs constituting 75% of consumer complaint-based cases against licensees. As prioritization is deployed for each new program, the relevant teams in each section of the division will receive refresher training.”</p>
<p>Direct TDLR to develop a comprehensive, data-driven strategy for assessing program risks and setting regulatory priorities.</p>	 <p>as of January 15, 2023<sup>h</sup></p>	<p><b>“Recommendation 6.3(a) Standardize data collected for each inspection – Fully Implemented. Development of eInspections.</b> Using funds allocated by the Texas Department of Information Resources, TDLR worked with Microsoft to develop an electronic Inspections system called eInspections. Work began in November 2021 and Field Inspections began production use in the field in July 2022, beginning with</p>

Management Action	Self-reported Implementation Status	Entity Comments
-------------------	-------------------------------------	-----------------

the Massage Therapy program. EInspections allows for creation of proof of inspection forms, direct to enforcement violation reports, and complaints. EInspections integrates human trafficking reporting directly into the workflow of each inspector, and TDLR’s Anti-Trafficking Unit and Enforcement Division are alerted when inspections contain such concerns.

**Reduced data entry, increased data validity.**

EInspections requires inspectors to select and use standardized violations when creating a proof of inspection, and allows inspectors to use data entered one time across a variety of work products, reducing administrative burden and increasing data validity. EInspections serves as a unified repository for violation data, eliminating the need for inspectors to enter violation data into differing agency databases. Licensees receive an electronic proof of inspection form via email that contains standardized descriptions of each violation – replacing inconsistent handwritten descriptions – helping to make sure that licensees know what corrective actions they need to take. In July 2022, field use of EInspections was implemented for the Massage Therapy program. As of January 2023 it has now been implemented for all programs inspected by the Field Inspections division, other than the Mold program (previously outsourced to DSHS) and the Driver Education and Safety program (to begin after data migration to a different database).

**Recommendation 6.3(b) Adopt clear, consistent definitions for inspection-related performance measures – Fully Implemented.**

TDLR worked with the Legislative Budget Board (LBB) to change the method of calculation for our inspection coverage rate performance measure, specifically to simplify the method of determining the number of inspections due during the reporting period. TDLR then made corrections to the programs that are included and not included in the data used for calculating two performance measures: (1) inspection coverage rate, and (2) number of inspections completed. All changes were approved by LBB on August 26, 2020. Starting in FY 2021, these measures are now being calculated using the new methodologies.



**Recommendation 6.3(c) Develop and implement consistent inspection protocols and procedures – Fully Implemented.**



Management Action	Self-reported Implementation Status	Entity Comments
		<p><b>Adoption of rules.</b> The Texas Commission on Licensing and Regulation adopted rules on January 6, 2023, to incorporate risk-based inspections, effective January 15, 2023.</p> <p><b>Develop and implement consistent inspection protocols and procedures.</b> Field Inspections has worked with supervisory, administrative, and field staff to study inspection protocols and procedures and implement improvements that increase efficiencies and consistencies. As a part of this process, Field Inspections has developed risk-based inspection protocols that use data to prioritize inspections and assign inspection activities to inspectors.</p> <p><b>Training for consistency.</b> Field Inspections has worked to make sure that trainers conduct training consistently. Standardized procedures for using eInspections have been developed. Field inspectors have received multiple trainings to ensure consistent use of the new system. Field Inspections continues work to standardize training and inspection procedures using the Massage Therapy program as a template for other programs. On December 13 and 14, 2022, Field Inspections division staff provided eInspection training to TDLR’s Anti-trafficking Unit.</p> <p><b>Common risk factors.</b> Field Inspections has done extensive work to establish common risk factors for inspections. Since December 2021, Field Inspections has conducted risk-based inspections in the Massage Therapy program using a risk-based work plan that establishes an inspection due date for each licensee based on recidivism, last inspection result, history of violations, and date of last inspection. Field Inspections staff have now implemented risk-based inspections for all programs inspected by the Field Inspections division, other than the Mold program (previously outsourced to DSHS) and the Driver Education and Safety program (to begin after data migration to a different database).</p> <p><b>Protocols for inspectors.</b> During development of eInspections, particular attention was paid to ensure implementation of a mechanism to track whether licensees take corrective actions and to allow inspectors to systematically conduct follow-up inspections. EInspections was designed to improve documentation of inspections over time, including</p>








Management Action	Self-reported Implementation Status	Entity Comments
		<p>data that will improve visibility regarding repeat violations.</p> <p><b>Recommendation 6.3(d) Update recidivism rate methodology – Fully Implemented.</b></p> <p>TDLR recalculated the recidivism performance measure for fiscal years 2017, 2018, and 2019 using the correct method of calculation, and submitted the new calculations to the Legislative Budget Board (LBB) on June 30, 2020. Our LBB analyst approved the new calculations on July 22, 2020, so starting with the required report at year-end FY 2020, we began calculating the recidivism measure correctly.</p> <p><b>Recommendation 6.3(e) Update agency policy to ensure each rule undergoes more meaningful review – Fully Implemented.</b></p> <p>TDLR has updated its rule review policy, which now requires the relevant divisions to provide data for the previous four years, an analysis of that data, and impacts on the regulatory environment. The review process also includes substantive analysis of the legal and factual reasons for each rule, and takes into account practical impacts to the regulated population through internal and external meetings and comments. TDLR started using the new process for all rule reviews, beginning with those proposed in April 2022 and adopted in October 2022.”</p>
<p>Direct the agency to maintain complainants’ confidentiality when possible.</p>	<p style="text-align: center;"> as of September 8, 2021</p>	<p><b>“Fully Implemented.</b> All changes to implement this recommendation have been completed. TDLR has:</p> <ul style="list-style-type: none"> <li>- modified enforcement documents to maintain complainant confidentiality by removing personally identifying information;</li> <li>- established procedures to emphasize complainant confidentiality in the handling of complaints;</li> <li>- modified intake processes to ensure complainant information is redacted from enforcement documents provided to respondents; and</li> <li>- trained staff on processes to maintain complainant confidentiality to the extent possible.”</li> </ul>
<b>Parks and Wildlife Department (TPWD)</b>		
<p>Direct TPWD to actively monitor its efforts to increase workforce diversity and report success measures to the Texas Parks and Wildlife Commission. <sup>a</sup></p>	<p style="text-align: center;"> as of March 1, 2022</p>	<p>“Human Resources created and implemented demographic information for all full-time employees at TPWD known as the EEO [Equal Employment Opportunity] dashboard in January 2022. The internal EEO dashboard’s data includes the following:</p>




Management Action	Self-reported Implementation Status	Entity Comments
		<p>Personnel by gender, ethnicity/race, age, and agency tenure. The demographic information can be separated into the following categories: Division, Job title or position, separation, new hires, pay, and turnover. A recruitment dashboard has also been developed and implemented. Demographic information includes the following: gender, ethnicity/race, veteran status. The categories of the applicants can be separated by division, requisition/ job applied for, number of applicants, and hire status. Access is provided to Division Directors and the Chief Diversity and Inclusion Officer. These internal dashboards are updated quarterly.</p> <p>In addition to the quarterly reports, Human Resources and the Chief Diversity and Inclusion Officer met with each TPWD Division in early 2022 to provide Human Resource Annual Reports which included data regarding demographics and discussed recruitment efforts. Our efforts to further diversity and inclusion at TPWD also include the Workforce Plan and TPWD’s Recruitment Plan.</p> <p>TPWD has fully implemented the recommendation, and the agency will continue to develop tools such as an external dashboard to track diversity in outdoor participation. With approval of the TPW Commission, the Urban Outreach Advisory Committee was created which provides direct feedback to TPWD’s divisions on efforts directed at improving activities targeting external customers who are from diverse backgrounds.</p> <p>Bi-annual diversity and inclusion division meetings were scheduled with directors to discuss division diversity and inclusion goals. The first director meetings began March 1, 2022. The second meetings are scheduled beginning September 12, 2022.</p> <p>TPWD also provides scheduled annual diversity and inclusion reports for the TPW Commission. The first agency strategic and division specific diversity and inclusion actions and measures shared with the TPW Commission was on November 4, 2021. The next TPW Commission update is scheduled for November 2, 2022.”</p>






Management Action	Self-reported Implementation Status	Entity Comments
<p>Authorize the Texas Parks and Wildlife Commission to provide an opportunity to access an informal review panel process for nonrecreational license and permit types at its discretion. Under this recommendation, any review panel process should occur after the agency sends notice of its intent to revoke or suspend a license. <sup>a</sup></p>	<p style="text-align: center;"> as of August 25, 2022</p>	<p>“The Texas Parks and Wildlife Commission has adopted new 31 TAC [Texas Administrative Code] §§56.1-56.7 concerning Agency Decision to Refuse License or Permit Issuance or Renewal and Agency Decision to Suspend or Revoke Affected License or Permit. New 31 TAC §§56.1-56.7 provides a uniform informal review panel process for all nonrecreational license and permit types regarding the review of an agency decision to refuse to issue, renew, or to initiate revocation or suspension proceedings at SOAH [State Office of Administrative Hearings].”</p>
<p>Direct the agency to adopt policies for using its full range of existing enforcement authority, including revocation and suspension in appropriate cases.</p>	<p style="text-align: center;"></p>	<p>“Policy regarding Application of Enforcement Authorities for Nonrecreational Licenses and Permits has been drafted and recently updated to include new 31 TAC [Texas Administrative Code] §§56.1-56.7 adopted by the Commission on August 25, 2022 with changes to the rules as originally published in the Texas Register. Policy is currently being reviewed by TPWD leadership for approval.</p> <p>Policy regarding Application of Enforcement Authorities for Nonrecreational Licenses and Permits covers use of: criminal enforcement; assessment of civil restitution; refusal to issue or renew nonrecreational licenses and permits, including statutory requirements for certain deer related permits; revocation and suspension of nonrecreational licenses and permits; assessment of civil penalties in lieu of revocation or suspension of licenses or permits; statutory requirements for revocation and suspension of certain commercial fishing licenses; statutory requirements for automatic termination and revocation of marl, sand, gravel, or mudshell permits; suits for injunctive relief and/or civil penalties for water quality violations; and communication of enforcement of outcomes and processes to nonrecreational licensees.”</p>

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TPWD to clearly and actively communicate enforcement processes and outcomes to licensees.</p>		<p>“Included within policy regarding Application of Enforcement for Nonrecreational License and Permits. Policy is currently being review by TPWD leadership for approval.</p> <p>Policy regarding Application of Enforcement Authorities for Nonrecreational Licenses and Permits covers communication of enforcement of outcomes and processes to nonrecreational licensees and requires application materials to include information regarding: statutory and regulatory requirements related to the specific license; a list of offenses that may result in revocation, suspension, civil penalties, refusal to issue, or refusal to renew the license; the procedures for revocation, suspension, refusal to issue, and refusal to renew a license, including appeal procedures; and, an explanation that criminal enforcement through issuance of citations and payment of fines may be in addition to license suspension, revocation, refusal to issue, or refusal to renew.”</p>
<p>Direct TPWD to standardize administration of its regulatory programs to the extent feasible and appropriate.</p>		<p>“Licenses and Permits identified in Sunset Staff Report, Appendix C, belong to one of two distinct groups: 1) issued at a point of sale location, either a Licensing Agent or Law Enforcement Office; or 2) through an application submitted to resource divisions for review.</p> <p>The standard procedures for issuance of those licenses in Group 1 are documented in the Instruction Manuals for Issuing Agents and LE [Law Enforcement] Offices, which are updated annually and delivered to those locations. The Resource Division checklist draft documents the standard procedure that permit office staff have been asked to follow when reviewing applications for permits that fall in Group 2.</p> <p>This issue is assigned a Substantially Implemented status because a small number of the licenses in Group 1 still need to be incorporated into the POS [Point of Sale] manuals, and customized checklists are still being developed for several permits in Group 2. Permits staff are operating from the standardized portions of the checklist, and just need to customize the resource division review sections for the respective permits.”</p>





Management Action	Self-reported Implementation Status	Entity Comments
Direct TPWD to review and update all reporting deadlines and timeframes for licenses. <sup>a</sup>	 as of August 2021	“A survey was conducted in August 2021 with nonrecreational license/permit holders regarding reporting deadlines and timeframes. The reporting deadlines and timeframes have been adjusted accordingly. The information collected then informed decisions on the overall implementation of [the related] recommendations.”
Direct the Texas Parks and Wildlife Commission to establish a conservation and recreation planning subcommittee.	 as of November 1, 2022 <sup>i</sup>	“Fully Implemented: The conservation and recreation planning subcommittee was established on 11/1/2022 with the signing of the conservation and recreation planning subcommittee charter. The Chairman of the TPW Commission has appointed the subcommittee of commissioners: Commissioner Patton, Commissioner Abell, and Commissioner Rowling (subcommittee Chair).”
Direct TPWD to improve and use the Natural Agenda as the agency’s sole, agencywide strategic plan. <sup>a</sup>	 as of June 2022	“Reviewed Natural Resource (Article VI) agency strategic plans to strategize implementation of this recommendation. Conducted a comprehensive inventory of division-specific strategic plans to ensure continued strategic alignment. Evaluated strategic goals, objectives and action items to ensure that they are sufficiently broad and holistic to capture agency activities, across all divisions and with input from all divisions. Solicited, received and reviewed online public comments on the draft strategic structure. Integrated public comments into the proposed strategic structure. Integrated Executive Office’s comments regarding priorities and opportunities to be highlighted within the strategic structure. Submitted the <i>Natural Agenda</i> , including strategic structure, as well as additional language specifying that the <i>Natural Agenda</i> is the agency’s sole, agencywide strategic plan. Additionally, as the Land & Water Resources Conservation and Recreation Plan is being revised in 2023, the Natural Agenda team will work in tandem to ensure that any relevant Land & Water Plan content and information is integrated, if appropriate, in the next iteration of the <i>Natural Agenda</i> (expected completion in June 2024).”

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TPWD to institute processes to better ensure consistent, actionable policies and practices across the agency’s divisions.<sup>a</sup></p>	<p style="text-align: center;"> as of August 1, 2020</p>	<p>“TPWD created a Policy Branch within the Support Resources Division to ensure better processes for developing and revising policies and other agency documents. Formal policies and procedures have been put in place to ensure appropriate review of all agency policies, procedures, plans, and manuals by subject matter experts, legal staff, Division Directors, and executive leadership. The Policy on Developing and Revising Policies, Procedures, Plans, and Manuals (PD-04-01) went into effect on August 1, 2020. The policy was amended on June 1, 2022, to reflect new content on developing and revising TPW Commission policies. TPWD also created PD-04-01A as the procedure document for this policy.”</p>
<p>Direct the Texas Parks and Wildlife Commission to formally establish an internal audit subcommittee.</p>	<p style="text-align: center;"> as of January 24, 2023<sup>j</sup></p>	<p>“Fully Implemented: The audit subcommittee was formalized on 1/24/2023 with the signing of the audit subcommittee charter. The Chairman of the TPW Commission has appointed the subcommittee of commissioners: Chairman Aplin, Vice-Chairman Scott, Commissioner Bell (subcommittee Chair), and Commissioner Abell.”</p>

Management Action	Self-reported Implementation Status	Entity Comments
Direct TPWD to fully identify and prioritize the risks of all of the agency's activities in its risk assessment process. <sup>a</sup>	 as of August 2020	<p>“The new Risk Assessment methodology/process was revised to be more comprehensive and was reviewed by Executive Management and the Commissioners. The result was a more comprehensive and diverse audit plan for FY 2021 and fiscal years moving forward. During the Risk Assessment process, two internal auditors interview each division director and other selected management to document agency activities, risks to these major activities, and risks or issues they may be experiencing with their IT systems/applications used to carry out these activities. The potential financial, compliance, media (reputation), complexity, and IT system impacts to the agency should these risks occur are also evaluated. All risks are then recorded in the risk matrix to ensure consistent evaluation. Each risk score is also influenced by a division level risk score, which considers the time since the last audit, outstanding audit items yet to be remediated, employee and management turnover, and budget. Each risk is then ranked using the individual risk and division scores and discussed with the commissioners involved with the informal audit committee, the Executive Director, and the Chief Operating Officer. The result has been a more comprehensive and diversified audit plan for FY 2021, 22 and 23. This Risk Assessment methodology was first used in August 2020 to prepare the FY 2021 Internal Audit Plan.”</p>
Direct TPWD to develop a more complete and diversified internal audit plan. <sup>a</sup>	 as of August 2020	<p>“The revised Risk Assessment methodology/process (described above) has resulted in a more diverse and comprehensive audit plan for FYs 2021, 22 and 23. As stated above, this Risk Assessment methodology was first used in August 2020 to prepare the FY 2021 Internal Audit Plan.”</p>
Direct TPWD to use its newly developed quarterly audit status report to provide more information about the status and implementation of audit recommendations. <sup>a</sup>	 as of December 2020	<p>“The quarterly follow-up report was formalized in Q1 of FY 2021, and continued each quarter through Q1 of 2022 (5 quarterly reports). The Follow-Up reports tracked all audit recommendations, as well as any changes to the implementation dates, along with explanations of remediation revision dates. During FY 2022, the audit shop lost 71% (5/7) of its staff, and thus the quarterly audit follow-ups were not performed for Q2-Q4. During the first quarter of FY 2023, a follow-up report covering the remainder of FY 2022 will be performed. Going forward in FY 2023, semiannual follow-up reports will be performed.”</p>



Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct the agency to ensure there is an opportunity for the public to submit written comments online for every Texas Parks and Wildlife Commission action item that requires a vote. <sup>a</sup></p>	<p> as of October 2021</p>	<p>“Completed in October 2021 for all action items at the November 2021 TPW Commission meeting. Online submission for written comments were available for action items on the Commission meeting agenda since May 2020 which was the first commission meeting that contained links for the public to submit online written comments for certain action items.”</p>
<p>Direct the agency to improve transparency of its advisory committees by providing easy access to the names of the advisory committees, the members and who they represent, and the committees’ meeting dates and minutes. <sup>a</sup></p>	<p> as of January 20, 2022</p>	<p>“Effective January 20, 2022, a link to the advisory committees was placed in the site-wide footer of TPWD’s webpage that provides information to the public on each advisory committee’s membership list, the community that the member represents, and the contact information for the TPWD staff liaison. The link to the advisory committees can be found here: <a href="https://tpwd.texas.gov/about/advisory-committees">https://tpwd.texas.gov/about/advisory-committees</a>. The Advisory Committee Annual Report provides the previous advisory committee meeting dates and minutes. The advisory committees are currently being re-appointed by the Chairman of the TPW Commission. The website will be updated accordingly.”</p>
<b>Prepaid Higher Education Tuition Board</b>		
<p>Direct the board to update its websites to provide more user-friendly information, including information about the board and its operations. <sup>a</sup></p>	<p> as of April 15, 2020</p>	<p>[See updated website:] "<a href="https://comptroller.texas.gov/programs/education/">https://comptroller.texas.gov/programs/education/</a>"</p>
<b>Racing Commission</b>		
<p>Direct Comptroller of Public Accounts to develop and publish guidelines for evaluating grant applications.</p>	<p> as of March 21, 2022</p>	<p>“I meet with Mr. Glenn Hager, Ms. Lisa Cravens and their staff members on March 21, 2022. Our discussion confirmed that the Horse Industry Escrow Account is not a grant program, it is a trust fund administered by the Commission under the Texas Rules of Racing, Chapter 303, Subchapter G.”</p>
<p>Direct the Comptroller of Public Accounts to develop processes for monitoring grant recipients and tracking performance measures.</p>	<p> as of March 21, 2022</p>	<p>“I meet with Mr. Glenn Hager, Ms. Lisa Cravens and their staff members on March 21, 2022. During our discussion, we confirmed that the Horse Industry Escrow Account is not a grant program, it is a trust fund administered by the Commission under the Texas Rules of Racing, Chapter 303, Subchapter G.”</p>





Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct the Comptroller of Public Accounts to develop and implement a consistent timeline for grant applications.</p>	<p> as of March 21, 2022</p>	<p>“I meet with Mr. Glenn Hager, Ms. Lisa Cravens and their staff members on March 21, 2022. During our discussion, we confirmed that the Horse Industry Escrow Account is not a grant program, it is a trust fund administered by the Commission under the Texas Rules of Racing, Chapter 303, Subchapter G.”</p>
<p>Direct the commission to establish and consistently apply policies for testing certain licensure applicants.</p>	<p></p>	<p>“To complete this management action, the agency requires legislative support for statutory changes and an investment of General Revenue Funding set out in our 2024-2025 Legislative Appropriations Request. As part of our ongoing efforts to work toward completing this management action, we are engaged in a complete revision of the Texas Rules of Racing. We have also entered into a partnership with the Department of Information Resources to begin modernizing our license program with our current resources.”<sup>k</sup></p>
<p>Direct the commission to remove potential barriers to licensing in its examination process.</p>	<p></p>	<p>“To complete this management action, the agency requires legislative support for statutory changes and an investment of General Revenue Funding set out in our 2024-2025 Legislative Appropriations Request. As part of our ongoing efforts to work toward completing this management action, we are engaged in a complete revision of the Texas Rules of Racing. We have also entered into a partnership with the Department of Information Resources to begin modernizing our license program with our current resources.”<sup>k</sup></p>
<p>Direct the commission to establish policies for uniform use of its reciprocity authority.</p>	<p></p>	<p>“To complete this management action, the agency requires legislative support for statutory changes and an investment of General Revenue Funding set out in our 2024-2025 Legislative Appropriations Request. As part of our ongoing efforts to work toward completing this management action, we are engaged in a complete revision of the Texas Rules of Racing. We have also entered into a partnership with the Department of Information Resources to begin modernizing our license program with our current resources.”<sup>k</sup></p>




Management Action	Self-reported Implementation Status	Entity Comments
Direct the commission to adopt policies to improve racetrack inspections.		<p>“To complete this management action, the agency requires legislative support for statutory changes and an investment of General Revenue Funding set out in our 2024-2025 Legislative Appropriations Request. As part of our ongoing efforts to work toward completing this management action, we are engaged in a complete revision of the Texas Rules of Racing. We have also entered into a partnership with the Department of Information Resources to begin modernizing our license program with our current resources.”<sup>k</sup></p>



**Teacher Retirement System (TRS)**

Direct TRS to develop a process to submit inactive member information to the comptroller’s office upon request by the comptroller’s office.	 as of December 2020	<p>“A process has been developed between TRS and CPA [Office of the Comptroller of Public Accounts]. The CPA will be referring individuals to TRS if questions are received. The CPA also updated their website to provide a link back to TRS. See link to <a href="https://claimitexas.org">claimitexas.org</a> and steps below.</p> <ol style="list-style-type: none"> <li>1. <a href="https://claimitexas.org/app/ucp-databases">https://claimitexas.org/app/ucp-databases</a></li> <li>2. Go to TRS Member Contribution</li> <li>3. Click on Teacher Retirement System of Texas</li> <li>4. This will take you to the Refunding your Member Account page on the TRS internet site.</li> <li>5. The CPA is providing the following phone number: 1-800-223-8778.”</li> </ol>
Direct TRS to adopt a member engagement policy to increase transparency on key decisions by February 1, 2021, rather than September 1, 2020. In addition, direct TRS to provide an update to the Sunset Commission on the implementation of this recommendation by February 1, 2021, instead of December 1, 2020. Also direct TRS to review the TRS-Care Retirees Advisory Committee and make any changes needed to more effectively receive feedback from retirees on TRS-Care.	 as of December 2020	<p>“Benefit Counseling policy was adopted in the September 2020 board meeting. Member Engagement policy was adopted in the December 2020 board meeting.”</p>

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TRS to fully centralize contracting functions and clarify roles and responsibilities between central contracts department staff and division staff managing contracts. Direct TRS to report its progress on implementing this recommendation to the Sunset Commission by February 1, 2021, rather than December 1, 2020.</p>	<p style="text-align: center;"> as of December 2020</p>	<p>“TRS has developed a <i>TRS Procurement and Contract Management Guide</i>, <i>TRS Procurement and Contract Management Process Manual</i>, and <i>TRS Procurement and Contract PAVES</i> [Procurement and Vendor e-System] <i>Procedure Manual</i>, which clarify the roles and responsibilities between central contracts department staff and division staff managing contracts.”</p>
<p>Direct TRS to enhance its contract monitoring process and report its progress on this recommendation to the Sunset Commission by February 1, 2021, rather than December 1, 2020.</p>	<p style="text-align: center;"> as of December 2020</p>	<p><b>“Contract Monitoring and Oversight</b></p> <ol style="list-style-type: none"> <li>1. Trained P&amp;C [Procurement and Contracts] staff to create contract documents with monitorable deliverables.             <ol style="list-style-type: none"> <li>a. Updated SOW [Statement of Work] template to include Deliverables</li> </ol> </li> <li>2. Updated Contract Manager Acknowledgement Form.</li> <li>3. Developed and enhanced contract monitoring tools and job aids as part of the Contract Manager Training.             <ol style="list-style-type: none"> <li>a. Performance Issues Log</li> <li>b. Contract Kick-off Meeting Agenda</li> <li>c. Invoice Approval Checklist</li> <li>d. Contract file checklist</li> <li>e. Scope of work development job aid</li> <li>f. Contract Deliverable Tracking Log</li> <li>g. Change management checklist</li> <li>h. Monitoring checklist</li> <li>i. Contract Termination checklist</li> <li>j. Lesson’s Learned checklist</li> </ol> </li> <li>4. Working with Legal on Contract Writing Training.</li> <li>5. Created automated contract monitoring functions in the Procurement and Vendor E-System (PAVES), i.e. Notifications on when amendments and/or solicitation are due, deliverables tab that provides notifications to the vendor and the contract manager when deliverables are due, invoice approval workflow, contract close-out, etc.”</li> </ol>

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TRS to include standard remedies in contracts and consistently apply enforcement tools. Direct TRS to provide an update on the implementation of this recommendation to the Sunset Commission by February 1, 2021, instead of December 1, 2020.</p>	<p style="text-align: center;"></p> <p>as of December 2020</p>	<p><b>“Remedies</b></p> <ul style="list-style-type: none"> <li>a. Incorporated in the <i>TRS Procurement and Contract Process Manual</i></li> <li>b. The new remedies and liquidated damages language has been included standard terms and conditions.</li> </ul> <p><b>Liquidated Damages</b></p> <ul style="list-style-type: none"> <li>a. Incorporated in the <i>TRS Procurement and Contract Process Manual</i></li> <li>b. Developed a process to determine when liquidated damages would be required in a contract. In addition, created an issues log for contact managers to use when managing their contracts.”</li> </ul>
<p>Direct TRS to require staff who procure or manage contracts to complete the comptroller’s contract training and report to the Sunset Commission on its implementation of this recommendation by February 1, 2021, rather than December 1, 2020.</p>	<p style="text-align: center;"></p> <p>as of December 2020</p>	<p>“1. Developed a plan for Contract Managers to complete CPA’s [Office of the Comptroller of Public Accounts] Contract Management Certification that meet the established TRS criteria</p> <p>2. Developed a Contract Managers Training Overview</p> <p>3. Identified a list of Contract Managers</p> <p>4. Developed guidance for contract managers with the development of the <i>TRS Procurement and Contract Management Guide, TRS Procurement and Contract Management Process Manual, and TRS Procurement and Contract PAVES [Procurement and Vendor e-System] Procedure Manual</i></p> <p><b>Ongoing item:</b></p> <p>Maintain a list of CPA certifications.”</p>

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TRS to perform a cost-benefit analysis of implementing an enhanced investment accounting system to provide increased oversight of the custodian bank’s accounting data and report to the Sunset Commission on the estimated costs and benefits and the agency’s recommended approach by February 1, 2021, rather than December 1, 2020.</p>	<p style="text-align: center;"> as of December 2020</p>	<p>“A cost benefit analysis was finalized and presented to the TRS Board of Trustees in December 2020. According to Cutter, the firm that conducted the analysis, at that time TRS was on par with US peer firms for custodian oversight. Ongoing analysis revealed scalability and agility issues in the current system and the need for enhanced technology and automated processes to accommodate future growth in investments. Implementing a parallel investment accounting system would provide value of improved custodian oversight, scalability and agility.</p> <p>Investments in the pension fund have grown in size and complexity since December 2020. To accommodate future growth and maintain effective oversight, the Financial Division coordinated with Investment Management Division to incorporate the implementation of a parallel investment accounting system as part the Investment Data Modernization project. This project was approved by the Board of Trustees in July 2022. Costs are described in the July 2022 Budget Committee Book.”</p>
<p>Direct TRS to have its Internal Investment Committee review internal investments and strategies.</p>	<p style="text-align: center;"> as of September 2020</p>	<p>“The Investment Policy Statement was adopted in September 2020.”</p>
<p>Direct TRS to include clear, easily understandable information about alternative investments in its Comprehensive Annual Financial Report and report on its status in implementing this recommendation to the Sunset Commission by February 1, 2021, rather than December 1, 2020.</p>	<p style="text-align: center;"> as of December 2020</p>	<p>“Team reviewed options from ERS [Employee Retirement System], CalSTRS [California State Teacher Retirement System], and PERS [Public Employee Retirement Systems] as examples of how to best show alternative investments. A decision was made to show a bar graph with a breakdown of current year, prior year, 1, 3, 5, and 10 years, in addition to a donut chart.”</p>

Management Action	Self-reported Implementation Status	Entity Comments
<p>Direct TRS to provide more comprehensive information on TRS-Care healthcare costs to the Legislature and the Texas Department of Insurance in the consolidated TRS-Care report, including out-of-pocket costs for retirees such as co-payments, deductibles, and non-covered services. Also direct TRS to provide information on incentive payments to TRS investment staff in its Comprehensive Annual Financial Report, including the method of calculating incentive pay and the amounts paid.<sup>a</sup></p>	<p style="text-align: center;"> as of April 2022</p>	<p>“This was addressed in the annual TRS Health Benefits Report. The 2020 and 2021 reports were sent to TDI and the Legislature. The 2021 report included additional information to further address these recommendations in greater detail.</p> <p>TRS has updated the ACFR with information on incentive payments to TRS investment staff.”</p>
<p>Direct TRS to develop and maintain a system for receiving and responding to complaints. Direct the agency to adopt this system and report its progress to the Sunset Commission by February 1, 2021, rather than December 1, 2020.</p>	<p style="text-align: center;"> as of October 2020</p>	<p>“TRS completed implementation of its complaint handling process and procedures in October 2020, and began quarterly reporting to the board. After engaging a temporary Ombuds for much of 2021 (the TRS Board Secretary), TRS hired an Ombuds in November of 2021 to further address member concerns. The existing complaint handling process was updated and the Ombuds began reporting quarterly to the board in 2022 on complaints and other communications made through their office.”</p>

Management Action	Self-reported Implementation Status	Entity Comments
<p><sup>a</sup> The SAO reviewed the implementation status of this management action; see Chapter 1.</p> <p><sup>b</sup> The Commission on Jail Standards (TCJS) originally reported this management action as substantially implemented. In January 2023, TCJS provided new responses for this management action, and updated the implementation status to fully implemented as of January 19, 2023.</p> <p><sup>c</sup> TCJS originally reported this management action as incomplete/ongoing. In January 2023, TCJS updated the implementation status to fully implemented as of January 2023.</p> <p><sup>d</sup> The Credit Union Department (CUD) originally reported this management action as incomplete/ongoing. In January 2023, CUD provided new responses for this management action, and updated the implementation status to fully implemented as of November 2022.</p> <p><sup>e</sup> CUD originally reported this management action as substantially implemented. In January 2023, CUD provided new responses for this management action, and updated the implementation status to fully implemented as of November 2022.</p> <p><sup>f</sup> In January 2023, the Department of Licensing and Regulation (TDLR) provided new responses for this management action.</p> <p><sup>g</sup> TDLR originally reported this management action as incomplete/ongoing. In January 2023, TDLR provided new responses for this management action, and updated the implementation status to substantially implemented.</p> <p><sup>h</sup> TDLR originally reported this management action as substantially implemented. In January 2023, TDLR provided new responses for this management action, and updated the implementation status to fully implemented as of January 15, 2023.</p> <p><sup>i</sup> The Parks and Wildlife Department (TPWD) originally reported this management action as incomplete/ongoing. In January 2023, TPWD provided new responses for this management action, and updated the implementation status to fully implemented as of November 1, 2022.</p> <p><sup>j</sup> TPWD originally reported this management action as incomplete/ongoing. In January 2023, TPWD provided new responses for this management action, and updated the implementation status to fully implemented as of January 24, 2023.</p> <p><sup>k</sup> In January 2023, the Racing Commission provided new responses for this management action.</p>		



## Appendix 1

# Objective, Scope, and Methodology

---

### Objective

---

The objective of this project was to report on the implementation status of the management actions included in the *Sunset Advisory Commission's Report to the 87th Legislature*. The Commission provided a list of 100 selected management actions to the State Auditor's Office for this report.

Texas Government Code, Section 325.012(d), provides for the State Auditor's Office's examination of the nonstatutory recommendations (management actions) that the Sunset Advisory Commission (Commission) makes.

---

### Scope

---

The scope of this project included 11 entities to which the Commission directed management actions in its report to the 87th Legislature. For the purpose of this project, auditors requested the implementation status of the management actions from each entity.

---

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



- Brenda Zamarripa, CIA, CGAP (Project Manager)

- Daniel Aung Thu (Assistant Project Manager)
- Brady Bennett, MBA, CFE, CGAP
- Douglas Jarnagan, MAcc
- Ann E. Karnes, CPA (Quality Control Reviewer)
- Hillary Eckford, CIA, CFE (Audit Manager)



---

## Methodology

---

The project methodology consisted of reviewing selected management actions that the entities self-reported as fully implemented as of September 9, 2022. For the selected management actions, auditors reviewed supporting documentation for evidence of an entity's implementation of the management actions.

The entities self-reported the information in this report, and the State Auditor's Office did not independently verify all of that information. It is important to note that this project was a non-audit service; therefore, the information in this report was not subject to all of the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to help ensure accuracy.



Copies of this report have been distributed to the following:

## **Legislative Audit Committee**

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dade Phelan, 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

## **Boards, Commissions, and Executive Management of the Following Entities**

Animal Health Commission

Brazos River Authority

Commission on Fire Protection

Commission on Jail Standards

Credit Union Department

Department of Agriculture

Department of Licensing and Regulation

Parks and Wildlife Department

Prepaid Higher Education Tuition Board

Racing Commission

Sunset Advisory Commission

Teacher Retirement System



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our website: <https://sao.texas.gov>.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government, visit <https://sao.fraud.texas.gov/>.