

State Auditor's Office



Audit Plan Fiscal Year 2006

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Audit Plan for Fiscal Year 2006

The State Auditor's Office performs work at and under the direction of the Legislative Audit Committee. The purpose of the Audit Plan is to outline audits and other activities that the State Auditor's Office will conduct during fiscal year 2006. The plan is developed to satisfy responsibilities established by Texas Government Code, Chapter 321, and applicable auditing standards. This plan is a working document in that the State Auditor is authorized to perform work not specified in the plan when deemed necessary in the State Auditor's professional judgment after approval from the Legislative Audit Committee. The Legislative Audit Committee will be notified in writing concerning additions to, deletions from, or other changes to this Audit Plan. Information on proposed additions shall include a project description. The Audit Plan includes audits performed by the State Auditor's Office through interagency contracts with state agencies and institutions of higher education. Any report or publication must be provided to the Legislative Audit Committee before it is released to the public.

Types of Projects

The types of projects listed in this plan demonstrate the variety of approaches the State Auditor's Office takes to address its mission to actively provide government leaders with useful information that improves accountability. To accomplish this mission, deliverables for each type of project may include these services: technical assistance, data analysis, and a variety of communications, including the published audit reports.

Audit Plan projects are divided into six major categories:

- Financial/Compliance (Government Code, Sections 321.0131, .0132, .0135, and .0136; Section 2101.038; and Section 654.041)
- Economy/Efficiency (Government Code, Section 321.0133)
- Effectiveness (Government Code, Section 321.0134)
- Classification Projects (Government Code, Sections 654.036 to .039 and .041; 2052.101 to .103)
- Other Work (Government Code, Sections 2101.012 [b] and [c]; Section 2052.104; and various riders in the General Appropriations Act)
- Legislative Support

The State Auditor's Office has statutory authority for a number of activities that are listed under these broad categories.

Financial/Compliance Audits (Government Code, Sections 321.0131, .0132, .0135 and .0136; Section 2101.038; and Section 654.041)

A financial audit is an audit conducted to determine whether the records, books, and accounts of the audited entity accurately reflect financial and fiscal operations and whether effective accounting controls are maintained. A compliance audit is an audit conducted to determine whether funds are received and used for the purposes appropriated or otherwise authorized by law. Examples of financial and compliance audits include the following:

Financial Opinion Audits – The statewide opinion audit is audit work performed in order to express an opinion on the financial statements of the State of Texas. It provides assurances about the material accuracy of the State's reporting of financial condition and results of operations, the State's compliance with significant state rules and regulations regarding fiscal matters, and the adequacy of the State's internal control structures. The statewide audit satisfies federal audit requirements established under the Single Audit Act for federal financial assistance provided to the State (\$30.1 billion for fiscal year 2004).

The statewide financial statements include the balances and operations of every state agency and institution. Additional procedures include analytical reviews and reviews of work performed by internal auditors and external Certified Public Accountant (CPA) firms.

Other Financial Audits – This work encompasses a variety of financial audits and analyses, including the following:

- Audits of financial systems and internal controls of selected agencies and universities to ensure that agencies adequately safeguard resources, produce complete and accurate financial information, and establish proper controls over revenues and expenditures.
- Audits of key financial controls related to areas such as contract management, purchasing, revenue collections, and automated controls for key financial systems.
- Other related work as needed.

Compliance Audits (Government Code, Section 321.0132) – This category includes work related to compliance with state rules and regulations, such as compliance with General Appropriations Act riders.

Investigations (Government Code, Section 321.0136) – The State Auditor is delegated the authority to conduct investigations of specified acts or allegations of impropriety. Information relating to such acts or allegations shall be reviewed by the State Auditor's Office. The State Auditor shall notify the Legislative Audit Committee in writing at the beginning of an investigation and shall keep the Legislative Audit Committee advised of the status of significant investigations in progress, as well as the findings and conclusions resulting from such investigations.

Economy/Efficiency Audits (Government Code, Section 321.0133)

Economy and efficiency audits are designed to determine whether resources are utilized and managed in an economical and efficient manner, causes of inefficient or uneconomical practices, and whether management reports contain useful and accurate information.

Effectiveness Audits (Government Code, Section 321.0134)

Effectiveness audits determine (according to established or designated program objectives, responsibilities, or duties; statutes and regulations; program performance criteria; or program evaluation standards) the following:

- Whether the objectives and intended benefits are being achieved efficiently and effectively
- Whether the program duplicates, overlaps, or conflicts with another state program

An effectiveness audit may be scheduled only when the audited entity is not scheduled for review under the Texas Sunset Act (Chapter 325).

Effectiveness or Economy/Efficiency audits added to the plan will be reviewed on an individual basis with the Co-Chairs of the Legislative Audit Committee. The State Auditor will provide an explanation of the need for the audit, the objective and scope of the work, and the criteria for evaluation before the audit is performed.

Classification Projects (Government Code, Sections 654.036 to .039 and .041; Sections 2052.101 to .103; and Section 2056.0021)

The State Classification Team is responsible for carrying out the statutory responsibilities in the Position Classification Act. This includes maintaining the Position Classification Plan, assisting state agencies in applying the Plan, and conducting classification compliance audits to ensure conformity with the Plan. The State Classification Team also provides assistance to the Legislature on various workforce issues.

Other statutory requirements performed by the State Classification Team include periodic studies of salary rates, interpretation of certain leave statutes, maintaining an exit survey site, and summarizing quarterly Full Time Equivalent reports.

Other Work (Government Code, Sections 2101.012 [b] and [c]; Section 2052.04; and various riders in the General Appropriations Act)

The State Auditor's Office is required by both general law and General Appropriations Act provisions to conduct certain work, including participating with various workgroups and committees.

Legislative Committee Support

The State Auditor shall review each request for an audit, a review, or a special project from the committee chair of a standing legislative committee. The request should be submitted in writing. The work product will be at the direction of the State Auditor. A request for an audit, a review, or a special project may necessitate an amendment to the approved audit plan, which would require approval of the Legislative Audit Committee. Requests for information and routine inquiries that require limited resources may be addressed at the request of the committee chair.

Other SAO Services

Professional Development

In addition to providing training for State Auditor's Office staff, Professional Development offers a training program for state employees and internal auditors (Government Code, Section 2102.012 [a] and [b]). The objective of this service is to assist these employees in meeting their professional development needs. Professional Development also provides valuable training to state agency fiscal officers, investigators, human resource professionals, and other agency personnel to improve knowledge and skills regarding financial matters.

Quasi-Governmental Entity Audits

Audits of quasi-governmental entities will be subject to prior approval as described in the section on Effectiveness audits.

Specific Projects

Planned work for fiscal year 2006 is listed on the following pages. Any significant deviations from this plan will be communicated to the staff of the Legislative Audit Committee. Since the Audit Plan is based on limited resources, certain statutory mandates are not included in this plan.

No.	Agencies	Description	Statutory Reference
Statutory - Financial Opinion			
1	Various Higher Education Institutions Various State Agencies	<p>Audit of the State's Comprehensive Annual Financial Report (CAFR) for FY 2005</p> <p>Determine whether the statewide financial statements accurately reflect the balances and activities for the State of Texas for the fiscal year ended August 31, 2005.</p> <p>Issue an opinion on the State's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2005, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States.</p>	Government Code 2101.014
2	Various Higher Education Institutions Various State Agencies	<p>Audit of the State's Comprehensive Annual Financial Report (CAFR) for FY 2006</p> <p><i>Interim work to be completed in fiscal year 2007 audit plan for fiscal year 2006 statewide financial statements.</i></p> <p>Determine whether the statewide financial statements accurately reflect the balances and activities for the State of Texas for the fiscal year ended August 31, 2006.</p> <p>Issue an opinion on the State's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2006, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States.</p>	Government Code 2101.014
3	Various Higher Education Institutions	<p>Statewide Single Audit - Federal Compliance for FY 2005</p> <p>Express an opinion as to whether the State of Texas is in compliance with the laws, regulations, contracts, and grants applicable to higher education student financial aid and research and development, in accordance with OMB Circular A-133 and as required by the Single Audit Act.</p>	31 U.S.C. 7502
4	Various Higher Education Institutions	<p>Statewide Single Audit - Federal Compliance for FY 2006</p> <p><i>Interim work for Fiscal Year 2006 Statewide Single Audit--Federal Compliance to be completed in the fiscal year 2007 audit plan.</i></p> <p>Express an opinion as to whether the State of Texas is in compliance with the laws, regulations, contracts, and grants applicable to higher education student financial aid and research and development, in accordance with OMB Circular A-133 and as required by the Single Audit Act.</p>	31 U.S.C. 7502
5	State Auditor's Office	<p>Monitoring of the Statewide Single Audit - Federal Compliance</p> <p>Monitor the external auditor's performance to ensure that the audit will be completed by the agreed-upon deadline and will be accepted by the federal government.</p>	Government Code 321.0131
6	Texas Department of Transportation	<p>Texas Mobility Fund Financing Program Annual Financial Audit for FY 2006</p> <p>Issue an opinion on the Texas Mobility Fund Financing Program's fiscal year 2006 financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States.</p>	Government Code 321.0131
7	Texas Lottery Commission	<p>Texas Lottery Commission Financial Opinion Audit for FY 2006</p> <p>Issue an opinion on the Texas Lottery Commission's fiscal year 2006 financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States.</p>	Government Code 321.0131

No.	Agencies	Description	Statutory Reference
Statutory - Financial Opinion			
8	Texas Education Agency General Land Office	Permanent School Fund Annual Financial Audit for FY 2005 Issue an opinion on the Permanent School Fund's fiscal year 2005 financial statements in accordance with auditing standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States.	Government Code 321.0131
9	Teacher Retirement System	Teacher Retirement System Annual Financial Audit for FY 2005 Issue an opinion on the Teacher Retirement System's fiscal year 2005 financial statements in accordance with auditing standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States.	Government Code 815.110
10	Fire Fighters' Pension Commissioner	Fire Fighters' Pension Commissioner Annual Financial Audit for FY 2005 Issue an opinion on the Fire Fighters' Pension Commissioner's fiscal year 2005 financial statements in accordance with auditing standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States.	Government Code 802.102

No.	Agencies	Description	Statutory Reference
Statutory - General Law			
11	Department of Family and Protective Services	On-Site Financial Audits of Selected Residential Foster Care Contractors Perform on-site financial audits of selected residential foster care contractors.	Government Code 2155.1442
12	Department of Criminal Justice Department of Public Safety	Audit of the Criminal Justice Information System Determine whether controls over data in the Criminal Justice Information System provide reasonable assurance that data in the system is complete, accurate, and timely.	Code of Criminal Procedure 60.02
13	Various State Agencies	Performance Measure Certification Update the <i>Guide to Performance Measure Management</i> . Review and update the current process used to certify performance measures.	Government Code 2101.038
14	Kinney County Groundwater Conservation District	Audit of Kinney County Groundwater Conservation District Determine whether the Kinney County Groundwater Conservation District: -- Has accounting procedures and controls that: - Ensure that it is able to meet its financial obligations. - Ensure accurate, timely, and complete financial information for making management decisions. - Protect against violations, abuse, and fraud. -- Achieves its management goals and objectives as outlined in its Management Plan. -- Complies with applicable statutes, rules, and regulations.	Water Code 36.302

No.	Agencies	Description	Statutory Reference
Statutory - General Law			
15	Texas A&M University - Texarkana Texas State Technical College - Marshall University of Houston - Downtown University of North Texas The University of Texas at El Paso West Texas A&M University	Accreditation Audits at Higher Education Institutions Perform agreed-upon procedures at each university to satisfy the accreditation standards of the Southern Association of Colleges and Schools.	Government Code 321.0131
16	Various State Agencies	Review of the State's Classification and Compensation System This study is conducted prior to each legislative session to assess the competitiveness of the State's compensation system, including making recommendations to the Legislature for the placement of positions in the Position Classification Plan, reviewing employee pay in relation to the market, reviewing law enforcement pay, and recommending other technical salary administration changes. It includes a review of salary rates and trends in the private industry and other governmental entities for work similar to that performed in state government.	Government Code 654.036 Government Code 654.037
17	Office of Public Utility Counsel	Management Audit of Office of Public Utility Counsel In coordination with the Legislative Budget Board, conduct a management audit of the Office of Public Utility Counsel to evaluate the Office's performance measures to determine whether the calculations are accurate and whether the measures accurately depict the impact of the Office.	Utility Code 13.007
18	Department of Information Resources Various State Agencies	Quality Assurance Team Activities In coordination with the Legislative Budget Board and the Department of Information Resources, State Auditor's Office/Quality Assurance Team (QAT) staff review information technology projects and provide technical analysis of project risks. QAT review is a continual process throughout each project's life cycle.	Government Code 2054.1181
19	Various State Agencies	Legislative and Agency Assistance - State Classification Team The State Classification Team staff provide assistance to the Legislature as well as guidance to state agency and university human resource staffs on a variety of human resource related topics. These topics include the employment regulations, exit interview survey assistance, full-time equivalent reporting, workforce planning, classification and compensation, turnover rates, and formal leave interpretations.	Government Code 2052.103 Government Code 651.007 Government Code 661.151 Government Code 654.036

No.	Agencies	Description	Statutory Reference
Statutory - General Law			
20	Various State Agencies	<p>Classification System Compliance Audit - Inspectors and Investigators Occupational Category</p> <p>Classification compliance audits are conducted in accordance with statute to determine whether agencies are properly classifying employees in conformance with the State's Classification System. In determining whether a position is properly classified, the State Classification Team reviews the position as a whole, including the duties, responsibilities, and percentage of time duties are performed.</p>	<p>Government Code 654.036</p> <p>Government Code 654.038</p>
21	Various State Agencies	<p>Classification System Compliance Audit—Employment Occupational Category</p> <p>Classification compliance audits are conducted in accordance with statute to determine whether agencies are properly classifying employees in conformance with the State's Classification System. In determining whether a position is properly classified, the State Classification Team reviews the position as a whole, including the duties, responsibilities and the percentage of time duties are performed.</p>	<p>Government Code 654.036</p> <p>Government Code 654.038</p>
22	Health and Human Services Commission	<p>Participation on the Medicaid and Public Assistance Fraud Oversight Task Force</p> <p>Continue to participate in the Medicaid and Public Assistance Fraud Oversight Task Force, which advises and assists the Health and Human Services Commission in improving the efficiency of fraud investigations and collections.</p> <p>Perform other activities related to public assistance fraud.</p>	<p>Government Code 531.107</p>
23	Comptroller of Public Accounts	<p>Consultation on Health Care Fraud Study</p> <p>Advise the Comptroller's Office in its conduct of the health care fraud study.</p> <p>Perform other activities related to public assistance fraud.</p>	<p>Government Code 403.028</p>
24	Texas Education Agency	<p>Certification of Guaranteed Bonds Outstanding</p> <p>Determine whether the total amount of school district bonds guaranteed by the Permanent School Fund Bond Guarantee Program is within the limits established by state statute.</p>	<p>Education Code 45.053</p>
25	Various State Agencies	<p>Fiscal Year 2005 Classified Regular Employee Turnover Report and Exit Survey Report</p> <p>This report analyzes the fiscal year turnover and headcount data for state agencies and provides employee turnover rates and trends. It serves as the sole source of information on statewide turnover rates for the Legislature as well as for state agencies. This information is used during the legislative process and in the development of mandated agency workforce plans. The report also provides exit interview survey data that includes the reasons employees left state employment in a summarized format in accordance with state statute.</p>	<p>Government Code 651.007</p>
26	Texas Lottery Commission	<p>Classification System Compliance Audit - Texas Lottery Commission</p> <p>Classification compliance audits are conducted in accordance with statute to determine whether agencies are properly classifying employees in conformance with the State's Classification System. In determining whether a position is properly classified, the State Classification Team reviews the position as a whole, including the duties, responsibilities, and percentage of time duties are performed.</p>	<p>Government Code 654.036</p> <p>Government Code 654.038</p>
27	Building and Procurement Commission	<p>Classification System Compliance Audit - Texas Building and Procurement Commission</p> <p>Classification compliance audits are conducted in accordance with statute to determine whether agencies are properly classifying employees in conformance with the State's Classification System. In determining whether a position is properly classified, the State Classification Team reviews the position as a whole, including the duties, responsibilities, and percentage of time duties are performed.</p>	<p>Government Code 654.036</p> <p>Government Code 654.038</p>

No.	Agencies	Description	Statutory Reference
Statutory - General Law			
28	Various State Agencies	<p>Follow-Up on Prior State Auditor's Office Recommendations</p> <p>Determine the implementation status of prior State Auditor's Office recommendations.</p>	Government Code 321.014
29	Various State Agencies	<p>Review Small Agencies' Risk Assessment Reports</p> <p>Develop guidelines and a format for the risk assessments performed by small agencies that are not required to have an internal audit function.</p> <p>Review small agencies' risk assessments.</p>	Government Code 2102.013
30	Various State Agencies	<p>Full-Time Equivalent (FTE) Reporting</p> <p>This annual report provides the Legislature and the public with current fiscal year information as well as historical and trend data related to full-time equivalent employees who perform services for state government. It covers both state agencies and institutions of higher education and reports the number of full-time and part-time employees, the number of contractors, and management-to-staff ratios.</p>	Government Code 2052.103 Government Code 2052.104
31	Various State Agencies	<p>Review of the Implementation of Sunset Advisory Commission Recommendations</p> <p>Determine the implementation status of management actions included in the Sunset Advisory Commission reports to the 79th Legislature.</p>	Government Code 325.012
32	Various State Agencies Various Higher Education Institutions	<p>Activities Related to State Agencies' and Higher Education Institutions' Delegated Audit Authority</p> <p>Review state agencies' requests for delegated audit authority.</p> <p>Review documents and deliverables associated with audits where procurement authority has been delegated.</p>	Government Code 321.020
33	Various State Agencies	<p>Classification System Compliance Audit - Government Relations Specialist Job Class Series</p> <p>Classification compliance audits are conducted in accordance with statute to determine whether agencies are properly classifying employees in conformance with the State's Classification System. In determining whether a position is properly classified, the State Classification Team reviews the position as a whole, including the duties, responsibilities, and percentage of time duties are performed.</p>	Government Code 654.036 Government Code 654.038
34	Various State Agencies	<p>Salary Survey Participation</p> <p>The State Classification Team participates in various salary surveys throughout the year to ensure that it has access to current and relevant salary information for the statutorily required biennial report on the State's compensation system. These salary surveys are used to match or benchmark state jobs to those in the labor market as part of a periodic review of compensation for the State.</p>	Government Code 654.036 Government Code 654.037
35	Various State Agencies	<p>Workforce Planning Guidelines Update</p> <p>The Workforce Planning Guide is a tool that helps agencies develop a five-year workforce plan. It describes the importance of strategically anticipating workforce changes and offers basic planning steps, issues to consider, and strategies. The State Auditor's Office developed this guide and updates it as processes are refined and new tools and strategies are created.</p>	Government Code 2056.0021
36	Various State Agencies	<p>Contract Advisory Team Activities</p> <p>Participate in the Contract Advisory Team activities, including updating the Contract Management Guide and holding an advisory role in contract management guide training.</p>	Government Code 2262.102

No.	Agencies	Description	Statutory Reference
Statutory - General Law			
37	Texas Education Agency General Land Office	Review Ethics Policies - State Board of Education and School Land Board If requested, review and comment on the proposed ethics policy of the State Board of Education and/or the School Land Board.	Education Code 43.0031 Natural Resources Code 51.408
38	Various State Agencies	Benefits as a Percentage of Total Compensation This online report is updated yearly to reflect the current total compensation, or total rewards package, resulting from an employment relationship. It details the benefits that the State of Texas provides to employees in addition to salaries. Total compensation includes all forms of money, benefits, and paid time off while working for the State.	Texas Administrative Code, Title 1, Part 1, Chapter 5, Subchapter A, Division 3, Rule Section 5.85(e)
39	Various State Agencies	Online Employee Exit Interview Reporting Agencies are required to offer an online employee exit survey to employees who voluntarily terminate state employment. The exit survey system offers a direct source for employees to provide feedback about their reasons for leaving state employment. The State Auditor's Office is required to provide quarterly reports back to agencies and an annual report to the Legislature and the Governor.	Government Code 651.007

No.	Agencies	Description	Statutory Reference
Statutory – Riders – General Appropriations Act			
40	Texas Education Agency	Assessment of Contract Management Controls at Texas Education Agency Assess controls over contract management and procedures on payments for purchasing contracts at Texas Education Agency (TEA): -- Does TEA effectively monitor and control contract payments? -- Does TEA have the information necessary to support contract decision making? -- Has TEA established and maintained a database that documents specific information about vendor contracts at all independent school districts in Texas?	Rider 83, III-21
41	Various Higher Education Institutions	Provide Investment Report Methodology to Certain Educational Institutions Ensure that investing entities are following the guidance provided by <i>A Review of Higher Education Investment Reporting Requirements</i> (SAO Report No. 02-058, July 2002) in compliance with Rider 5, page III-243, of the General Appropriations Act for the 2006–2007 biennium.	Rider 5 (a,b), III-243
42	Department of Family and Protective Services Health and Human Services Commission	Prepare Reporting Format for Rate-Setting Schedule and Description Develop a format for the schedule and description of the rate-setting processes that will be followed for the Medicaid, Children's Health Insurance Program, foster care, and adoption subsidy programs during the fiscal year.	Section 20(a), II-96

No.	Agencies	Description	Statutory Reference
Statutory – Riders – General Appropriations Act			
43	Various State Agencies	Interagency Contract Funding for Prescription Drug Importation Study Cooperate with the Employees Retirement System (ERS) to identify the 20 state agencies with the greatest number of employees. (These 20 agencies shall contract with the ERS to fund the study of a prescription drug importation program in fiscal year 2006.)	Section 10.09(d), IX-59 and IX-60
44	Various State Agencies	Interagency Contract Funding for Regional Specialist Projects In cooperation with the Department of Assistive and Rehabilitative Services, identify 20 agencies to fund a Regional Specialist Project in the 11 health and human services regions.	Section 10.05(c), IX-55 and IX-56
45	Various State Agencies	Audits Performed Under Interagency Contract - To Be Determined Perform specified audit services under interagency contract.	Section 6.34(b), IX-45

No.	Agencies	Description	Statutory Reference
Discretionary			
46	Secretary of State	An Audit of the Voter Registration System Information Technology Controls at the Office of the Secretary of State Determine whether the records in the statewide voter registration database are accurate in accordance with the Help America Vote Act of 2002. Determine whether the Web-based statewide voter registration system is protected from unauthorized access. Assess whether the statewide voter registration system will be available when needed.	Government Code 321.0132
47	Comptroller of Public Accounts	An Audit of Expenditures and Contracts at the Office of the Comptroller of Public Accounts Conduct a post-payment audit of purchase, travel, and payroll expenditures. Conduct an audit of selected contracts for compliance with agency and state rules, regulations, and statutes.	Government Code 321.0132
48	Various State Agencies Various Higher Education Institutions	Comprehensive Annual Financial Report (CAFR)-Related Information and Reconciliation Issues Identify significant differences between the CAFR and other agency financial-related reports. Identify significant financial issues and trends for the State.	Government Code 321.0131
49	Comptroller of Public Accounts	A Review of Tax Revenue Processes for City Sales and Mixed Beverage Gross Receipts Taxes Review city revenue processes to determine how cities ensure that the correct amount of city sales and mixed beverage gross receipts taxes are collected from businesses located in the city limits.	Government Code 321.0131

No.	Agencies	Description	Statutory Reference
Discretionary			
50	Texas Building and Procurement Commission	<p>An Audit of the Historically Underutilized Business Program at the Texas Building and Procurement Commission</p> <p>Determine whether the Texas Building and Procurement Commission (TBPC) administers the historically underutilized business (HUB) program in compliance with statutory requirements, including requirements for certification of HUBs, assistance to HUBs, and assistance to state agencies.</p> <p>Determine the accuracy and completeness of the semi-annual report on contracts awarded to HUBs.</p> <p>Determine whether TBPC has taken steps to make statewide procurements accessible to HUBs.</p>	Government Code 321.0131
51	Department of Aging and Disability Services	<p>Audit of the Community Based Alternatives Program at the Department of Aging and Disability Services</p> <p>Determine whether the Department of Aging and Disability Services (DADS) has controls in place in its Community Based Alternatives (CBA) waiver program to provide reasonable assurance that expenditures are made as intended by the Legislature.</p> <p>Determine whether DADS and the Health and Human Services Commission appropriately monitor and audit CBA contractors.</p> <p>Determine whether DADS is awarding openings in the CBA program to individuals who are financially and functionally eligible.</p> <p>Determine whether DADS is accurately maintaining its Interest List in the CBA program.</p>	Government Code 321.0131 Government Code 321.0132
52	Health and Human Services Commission	<p>An Audit of the Office of Inspector General at the Health and Human Services Commission</p> <p>Determine whether the Health and Human Services Commission's Office of Inspector General (OIG) is investigating fraud, waste, and abuse as intended by House Bill 2292, 78th Legislature.</p> <p>Determine whether the OIG maintains complete and accurate records of complaints and investigations in the Waste, Abuse, and Fraud Electronic Reporting System.</p> <p>Determine whether the OIG is effectively coordinating and communicating with sister agencies and departments such as the Office of the Attorney General, the Rate Analysis Division, and programmatic contract monitors.</p>	Government Code 321.0131 Government Code 321.0132
53	Department of State Health Services Department of Aging and Disability Services	<p>An Audit of Expenditures by Community Mental Health Mental Retardation Centers</p> <p>Determine if the Departments of State Health Services and Aging and Disability Services are ensuring that Community Mental Health Mental Retardation Centers are spending state funds as intended by the Legislature.</p>	Government Code 321.0131
54	Higher Education Coordinating Board	<p>A Review of Facility Management Processes at the Texas Higher Education Coordinating Board</p> <p>Determine whether the Texas Higher Education Coordinating Board is operating as defined by Texas Education Code, Section 61.0572 and Section 61.058, to ensure efficient use of construction funds and the orderly development of physical plants to accommodate projected college student enrollments per Texas Education Code, Section 61.002.</p>	Government Code 321.0133 Government Code 321.0134

No.	Agencies	Description	Statutory Reference
Discretionary			
55	Texas Education Agency	<p>An Audit of the Financial Operations at the Texas Education Agency</p> <p>Determine the causes of the unanticipated funding shortfall in the Foundation School Program (FSP) identified in June 2005 and whether the Texas Education Agency (TEA) has controls in place to detect and minimize funding shortfalls in the future.</p> <p>Determine whether TEA's School Funds Division and Budget Division coordinate to ensure accurate and timely financial information.</p> <p>Determine whether the new automated processes that support the FSP have controls that are adequate to:</p> <ul style="list-style-type: none"> -- Protect data from unauthorized alteration, loss, or improper use. -- Ensure that distributions to school districts are accurate and in accordance with state law. 	Government Code 321.0131
56	Various Higher Education Institutions	<p>An Audit of Investment Practices for Endowment Funds at Four Higher Education Institutions</p> <p>Determine whether the higher education institution's endowment fund investment and annual distribution policies are consistent with modern endowment management principles as embodied in the Uniform Management of Institutional Funds Act (Texas Property Code).</p> <p>Determine whether the higher education institution is in compliance with its endowment management policies.</p> <p>Determine whether the higher education institution has adequate procedures to monitor and report endowment performance against stated objectives.</p> <p>Determine whether the higher education institution has controls that provide reasonable assurance of substantial compliance with donor restrictions.</p>	Government Code 321.0131 Government Code 321.0132 Government Code 321.0133
57	Various Higher Education Institutions	<p>Assistance on Higher Education Performance Reviews</p> <p>If requested, the State Auditor's Office (SAO) will provide assistance to the Legislative Budget Board in performing certain higher education performance reviews. The assistance of the SAO will include the assessment of institutional performance in various cross-cutting issues of interest to the Legislature, including:</p> <ul style="list-style-type: none"> -- Issues of general interest applicable to all of higher education. -- Issues specific to various higher education sectors such as general academic institutions, health-related institutions, community colleges, two-year state colleges, and independent institutions. 	Government Code 321.0133 Government Code 321.0134
58	Various Independent School Districts	<p>Assistance on School Performance Reviews at Independent School Districts</p> <p>If requested, the State Auditor's Office (SAO) will provide assistance to the Legislative Budget Board in performing certain school performance reviews. The SAO's role would be limited to conducting the financial components of the reviews at no more than two school districts. This would cover one or more of the following areas:</p> <ul style="list-style-type: none"> -- Financial management, including the areas of planning and budgeting, internal controls, and compliance with state and federal reporting requirements -- Asset management, including cash management, investments practices, fixed assets, and inventory -- Purchasing and contract management 	Government Code 321.0131

No.	Agencies	Description	Statutory Reference
Discretionary			
59	Texas Tech University Health Sciences Center The University of Texas Medical Branch at Galveston	<p>An Audit of Cost Allocations at the University of Texas Medical Branch at Galveston and the Texas Tech Health Science Center Regarding State Reimbursement for Correctional Managed Health Care</p> <p>Determine the process and methodology used by the university providers to allocate the overhead costs associated with providing inmate health care.</p>	Government Code 321.0131
60	Texas Tech University System	<p>An Audit of Construction Management at Texas Tech University System</p> <p>Determine whether Texas Tech University System (System) has construction project management controls that are sufficient to ensure that state laws and System requirements are met in the award of contracts and that projects are completed on time and within budget.</p>	Government Code 321.0132
61	University of Texas at Austin	<p>An Audit of Construction Management at the University of Texas at Austin</p> <p>Determine whether the University of Texas at Austin (University) has construction project management controls that are sufficient to ensure that state laws and University requirements are met in the award of contracts and that projects are completed on time and within budget.</p>	Government Code 321.0132
62	Department of Public Safety Various State Agencies	<p>An Audit of the Use of Criminal History Record Information</p> <p>Determine whether criminal history background check requests submitted by state agencies and processed by the Department of Public Safety permit those agencies to correctly identify individuals who do not meet their standards for activities such as licensing, purchasing firearms, or voting.</p> <p>Determine the extent to which state agencies with authorized access to state and national criminal history records for licensing or permitting rely on this data for these activities.</p>	Government Code 321.0132
63	Parks and Wildlife Department	<p>An Audit of the Game, Fish, and Water Safety Account at the Parks and Wildlife Department</p> <p>Determine whether the Parks and Wildlife Department (TPWD) has controls in place to ensure:</p> <ul style="list-style-type: none"> -- The collection of all revenue from hunting and fishing licenses and stamps and boat registrations. -- The proper accounting and reporting of revenue and expenditures in the Game, Fish, and Water Safety Account (Account 009). -- Adequate oversight of its contracted License Sales System (the point-of-sale system) and license agents. <p>Determine whether TPWD administers Account 009 in accordance with applicable laws and regulations.</p>	Government Code 321.0131

No.	Agencies	Description	Statutory Reference
Discretionary			
64	Commission on Environmental Quality	<p>An Audit of Selected Contracting Processes at the Texas Commission on Environmental Quality</p> <p>Determine whether the Texas Commission on Environmental Quality's (TCEQ) systems and processes related to contract payments ensure that payments are made in accordance with contract terms and state law.</p> <p>Determine whether TCEQ has an effective change management process in place for contracts that protects against unwarranted cost increases, schedule extensions, the circumvention of management controls, and diminished contractor accountability.</p> <p>Determine whether TCEQ's systems and processes for encumbering funds provide reasonable assurance of compliance with statutes, rules, Comptroller's Office guidelines, and TCEQ policy.</p>	Government Code 321.0131
65	Texas Lottery Commission	<p>Audit of Texas Lottery Commission Operations</p> <p>Determine whether the Texas Lottery Commission (Commission) operates the Texas Lottery according to the Legislature's intent and in accordance with Commission rules, policies, and procedures.</p> <p>This project will be structured into five phases: Lotto Texas, Human Resources, Procurement, Lottery Security, and Financial Reporting, which includes the financial opinion audit for fiscal year 2006. Each phase will have a separate deliverable. When the phases are complete, a summary report outlining the project's conclusions and findings will be prepared.</p>	Government Code 321.0131 Government Code 321.0132
66	Department of Transportation	<p>An Audit of the Trans Texas Corridor</p> <p>Verify that Cintra Zachary, LP is developing the Master Development Plan and Master Financial Plan for the I-35 high priority segment of the Trans Texas Corridor in accordance with the contract terms.</p> <p>Determine whether the procurement for the first Trans Texas Corridor construction project complied with applicable laws, rules, and regulations, including requirements in the March 2005 Comprehensive Development Agreement.</p> <p>Determine whether costs charged to the project are allowable under the contract.</p>	Government Code 321.0132
67	Department of Transportation	<p>An Audit of the Medical Transportation Program at the Texas Department of Transportation</p> <p>Determine whether the Texas Department of Transportation's (TxDOT) Transportation Service Centers have controls in place to ensure that Medical Transportation Program clients receive services in a timely manner.</p> <p>Determine whether TxDOT's Transportation Service Centers have controls in place to ensure that contractors are reimbursed the correct amounts for eligible services actually provided to qualified clients.</p>	Government Code 321.0132 Government Code 321.0134
68	Department of Transportation	<p>An Audit of the Camino Colombia Toll Road at the Texas Department of Transportation</p> <p>Determine whether the State will recoup its investment in the Camino Colombia Toll Road.</p> <p>Determine whether other projects are underway that would improve the usefulness and economic feasibility of the Camino Colombia Toll Road.</p>	Government Code 321.0133

No.	Agencies	Description	Statutory Reference
Discretionary			
69	Department of Licensing and Regulation	<p>An Audit of the Texas Department of Licensing and Regulation</p> <p>Determine whether the Texas Department of Licensing and Regulation (TDLR) is collecting and expending funds as the Legislature intended.</p> <p>Determine whether TDLR is performing regulatory functions that protect Texans from unqualified or noncompliant license holders.</p> <p>Determine whether TDLR manages its licensing software application to ensure data accuracy, security, completeness, and reliability.</p>	<p>Government Code 321.0131</p> <p>Government Code 321.0132</p>
70	Racing Commission	<p>An Audit of the Texas Racing Commission</p> <p>Determine whether the Texas Racing Commission (TRC) is ensuring that funds from the Texas Bred Incentive Program are distributed in accordance with all program requirements.</p> <p>Determine whether TRC has the appropriate controls in place to ensure that all racetracks are reporting all wagers completely and accurately and that all wagers and fees owed the State are collected.</p> <p>Determine whether TRC's enforcement function is fully compliant with the Texas Racing Act and Commission Rules of Racing.</p> <p>Determine whether TRC is performing all required human and animal testing as required by statute and TRC rules.</p>	<p>Government Code 321.0131</p> <p>Government Code 321.0132</p>
71	State Office of Administrative Hearings	<p>Compliance Audit at the State Office of Administrative Hearings</p> <p>Determine whether the State Office of Administrative Hearings (SOAH) produces accurate billing statements in accordance with the client agencies' contracts or agreements.</p> <p>Determine whether SOAH complies with its Rules of Practice and Procedures in the Texas Administrative Code and its Administrative Law Judge Code of Conduct to ensure that cases are initiated, processed, and scheduled objectively and within standards.</p>	<p>Government Code 321.0131</p> <p>Government Code 321.0132</p>
72	Department of Insurance, Workers' Compensation Commission	<p>Review of the Consolidation of Information Systems at the Texas Department of Insurance</p> <p>Examine the process by which the Texas Department of Insurance is incorporating information systems from the former Texas Workers' Compensation Commission (TWCC), including but not limited to the management, implementation, and execution of TWCC's Business Process Improvement project.</p>	<p>Government Code 321.0133</p>
73	Various State Agencies Various Higher Education Institutions	<p>Human Resources Management Statutes Inventory for the 2006–2007 Biennium</p> <p>The Human Resources Statutes Inventory outlines all of the State's employment practices. It is a tool agencies use for guidance on all human resources related matters. The guide must be updated biennially to reflect recent legislative changes.</p>	<p>Government Code 654.036</p>
74	Various State Agencies Various Higher Education Institutions	<p>Special Investigations Unit Activities</p> <p>Investigate allegations of impropriety and illegal acts affecting state resources, and prepare cases for referral to prosecuting authorities when warranted.</p> <p>Investigate complaints of waste and abuse.</p>	<p>Government Code 321.0136</p>

No.	Agencies	Description	Statutory Reference
Subject to Availability of Resources			
75	Various State Agencies	<p>An Audit of Expenditures at Selected State Agencies</p> <p>Determine whether expenditures for goods and services at selected state agencies are properly authorized, processed correctly and in a timely manner, and necessary and reasonable for performance of agency functions.</p>	<p>Government Code 321.0131</p> <p>Government Code 321.0132</p>
76	Health and Human Services Commission	<p>An Audit of the Health and Human Services Commission's Enforcement of Managed Care Contracts</p> <p>Determine whether the Health and Human Services Commission (HHSC) is sanctioning Medicaid and Children's Health Insurance Program health plans for not paying providers within the time frames specified in their contracts.</p> <p>Determine whether HHSC monitors and resolves disputes over denial-of-claims payments.</p>	<p>Government Code 321.0131</p> <p>Government Code 321.0132</p>
77	Various Higher Education Institutions	<p>A Review of Indirect Cost Recovery Expenditures at General Academic Institutions</p> <p>Review institutional budgets to determine whether indirect cost recovery funds are properly budgeted to ensure compliance with Texas Education Code, Chapter 145.</p> <p>Survey general academic institutions to identify dollar amounts expended from indirect cost recovery monies and the purposes for which these monies were spent for fiscal years 2002–2005.</p>	<p>Government Code 321.0132</p>
78	Water Development Board	<p>An Audit of Grant Management in the Economically Distressed Areas Program</p> <p>Determine whether controls over the Economically Distressed Areas Program are operating to provide reasonable assurance that:</p> <ul style="list-style-type: none"> -- Payments to grant recipients are supported and comply with the terms of grant agreements. -- Projects are completed on time and within budget. -- Grant applicants and recipients are financially sound. -- Grant recipients with inadequate financial, managerial, and technical capabilities are identified and receive training. <p>The audit work will be conducted at the Texas Water Development Board and may also include work at the Texas Commission on Environmental Quality or the Texas Department of Agriculture.</p>	<p>Government Code 321.0131</p>
79	Department of State Health Services	<p>Compliance Audit of the Bureau of Vital Statistics at the Department of State Health Services</p> <p>Determine whether the Bureau of Vital Statistics (BVS) at the Department of State Health Services has cash receipts processing controls to ensure that program receipts are properly accounted for and used for intended purposes.</p> <p>Determine whether the BVS has controls to ensure that births are registered in compliance with statute and that birth certificates are issued for legally authorized purposes.</p>	<p>Government Code 321.0131</p> <p>Government Code 321.0132</p>

No.	Agencies	Description	Statutory Reference
Subject to Availability of Resources			
80	Texas Workforce Commission	<p>An Audit of the Civil Rights Division at the Texas Workforce Commission</p> <p>Assess the Civil Rights Division's (Division) progress toward completing statutorily required reviews of state agency and higher education institution personnel policies.</p> <p>Determine whether state agencies reimburse the necessary and reasonable costs incurred by the Division in conducting personnel policies and procedures reviews and the cost of attending training programs.</p> <p>Follow-up on applicable prior State Auditor's Office findings and recommendations made in <i>A Financial Review of The Commission on Human Rights</i> (SAO Report No. 02-023).</p>	<p>Government Code 321.0131</p> <p>Government Code 321.0132</p>