



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

REPORT ON THE AUDIT OF PROGRAM AREA CONTRACT MANAGEMENT AND MONITORING

MAY 2022

OVERALL CONCLUSION

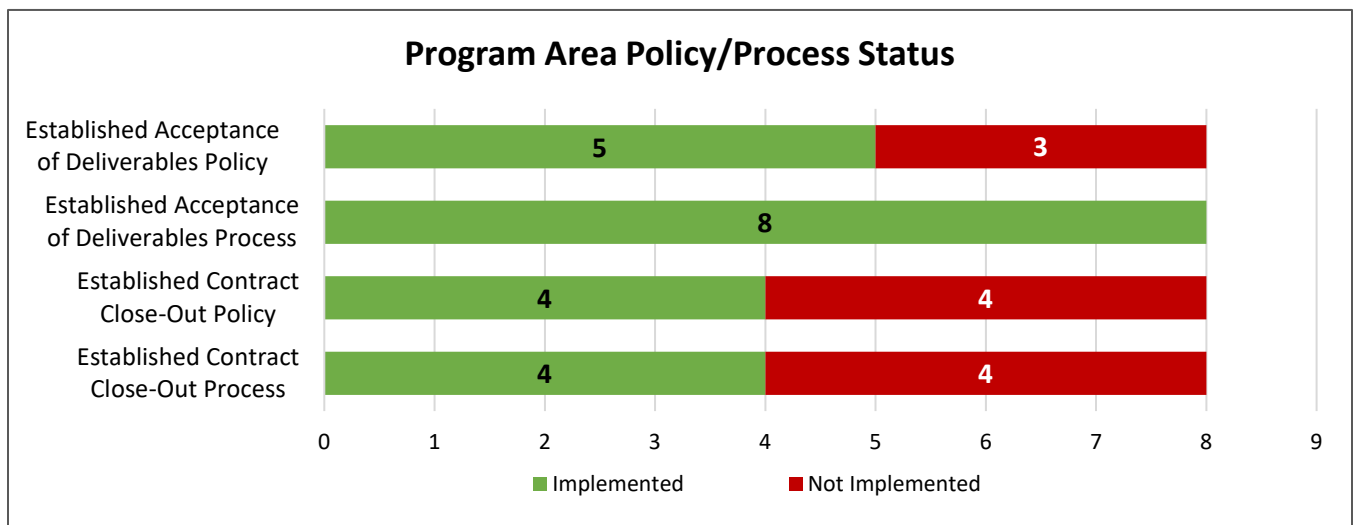
The General Land Office's (GLO) has established an acceptance of deliverables policy which provides guidelines to agency program areas to ensure the effective management and monitoring of contracts in adherence to state and agency requirements. The policy requires each program area to develop their individual aligning policies which describe their processes for accepting deliverables, reviewing contractor documentation, reviewing/approving vendor invoices, as well as, closing out completed contracts.

Based on a risk assessment and prior audits conducted of agency program areas, eight program areas were selected for review. During the audit, most of the program areas reviewed generally provided reasonable assurance that such policies were established and that management controls were operating accordingly. However, areas of improvement were identified that require program areas to either strengthen the control environment by establishing aligning policies or adding components to existing policies.

In summary, actions needed to be taken by the reviewed program areas are associated with the following:

1. Establish or enhance an acceptance of deliverables policy and/or process for products and services.
2. Establish or enhance a contract close-out policy and/or process.

The following table provides the overall implementation status of the policies and processes for the program areas (8) reviewed:



Additionally, the following chart identifies the implementation status of each policy and process, per program area reviewed:

	Acceptance of Deliverables		Contract Close-Out	
	Policy	Process	Policy	Process
Asset Management		✓*		
Oil Spill Prevention & Response		✓*		
Office of Communication		✓*		
Archives & Records	✓*	✓*		
Coastal Resources	✓	✓	✓	✓*
Construction Services	✓	✓	✓	✓*
Enterprise Technology Solutions	✓	✓	✓	✓*
Office of Information Security	✓	✓	✓	✓*

✓ Signifies that the policy or process is currently in place for the listed program area

* Signifies the identification of needed enhancements to established policies and/or processes

ACKNOWLEDGEMENTS

We appreciate the assistance and cooperation provided to us by the management and staff of the divisions reviewed during this audit. For questions about this report, please contact me at (512)463-6078.

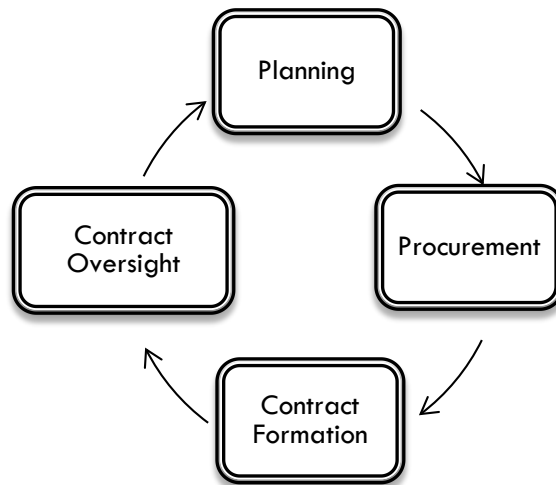


Tracey Hall, CPA, CISA
Director of Internal Audit

May 9, 2022
Date

BACKGROUND INFORMATION

The following graphic outlines the four categories of Contract Management Life Cycle according to the GLO Contract Management Handbook: (1) Planning, (2) Procurement, (3) Contract Formation, and (4) Contract Oversight.



The planning, procurement, and contract formation categories of the contract management lifecycle were excluded from the scope of the audit and focused solely on the contract oversight. The GLO contract oversight consist of two monitoring efforts: programmatic and technical contract monitoring.

The GLO program areas are the beneficiary of contracts and conducts contractor oversight and programmatic monitoring. Monitoring contractor's performance is a key function of proper contract management. The State of Texas Contract Management Guide require the inspection and approval of products and services by submitting a written document accepting the deliverables. The GLO has established an acceptance of deliverables policy requiring each program area to develop a written policy that describes the process for accepting deliverables.

In addition, the State of Texas Contract Management Guide requires a contract close-out process to compare actual performance against performance measures, goals, and objectives, to determine whether all required work has been completed.

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DETAILED RESULTS

CHAPTER 1: ASSET MANAGEMENT

MANAGEMENT'S SUMMARY RESPONSE

Management concurs with the recommendations.

The following chart provides a summary of results for the testing of the listed policies and processes of the program area.

Asset Management	
Acceptance of Deliverables Policy	Action Needed
Acceptance of Deliverables Process	Action Needed
Contract Close-Out Policy	Action Needed
Contract Close-Out Process	Action Needed

A. ESTABLISH AN ACCEPTANCE OF DELIVERABLES POLICY FOR PRODUCTS AND SERVICES

The GLO acceptance of deliverables policy was required to be developed, implemented, and maintained by all GLO Program Areas, effective July 17, 2017, which is based on guidance from the State of Texas Contract Management Guide.

Asset Management has not implemented a documented GLO acceptance of deliverable policy. Therefore, it is not in compliance with the policy's requirement to develop a written policy that describes their processes for accepting deliverables, reviewing contractor documentation, and reviewing and approving vendor invoices.

RECOMMENDATIONS FOR MANAGEMENT

Asset Management should ensure compliance with the agency acceptance of deliverables policy by developing a written policy that describes their processes for accepting deliverables, reviewing contractor documentation, and reviewing/approving vendor invoices. The development of the policy should include all the standard policy elements described in the agency acceptance of deliverables policy.

MANAGEMENT'S RESPONSE

Asset Management updated and revised its Acceptance of Deliverables Policy to include all the standard elements in accordance with agency policy.

Implementation Date: April 1, 2022

*Contact(s): Russell May, Deputy Director, Asset Management
David Wells, Asset Management*

B. ENHANCE THE ACCEPTANCE OF DELIVERABLES PROCESS

Asset Management has established a process for the acceptance of deliverables. However, the process does not include documentation of a review of contract documents to ensure deliverables conform to contract requirements. As a result, Asset Management is not in compliance with the agency acceptance of deliverable policy standard element "Contract Documentation Review/Approval" which requires the retention of documentation to support the review and approval of contract deliverables conforming to contract requirements.

The following standard policy elements are required for Contractor Documents Review/Approval:

- Approval Authority
- Document Review
- Date Reviewed and Accepted
- Documentation of Approval

RECOMMENDATIONS FOR MANAGEMENT

Asset Management should ensure that their acceptance of deliverable policy and process includes the retention of documentation that supports their review of contract deliverables, in accordance with the agency policy.

MANAGEMENT'S RESPONSE

Asset Management updated and revised its Acceptance of Deliverables Policy to include all the standard elements in accordance with agency policy.

Implementation Date: April 1, 2022

*Contact(s): Russell May, Deputy Director, Asset Management
David Wells, Asset Management*

C. ESTABLISH A CONTRACT CLOSE-OUT POLICY AND PROCESS

Asset Management has not established and implemented a policy or process for the close-out of contracts. Per the GLO's Contract Management Handbook, the purpose of the contract closeout process is to verify that both parties to the contract have fulfilled their contractual obligation and there are no outstanding responsibilities for either party. Additional guidance is provided in the State of Texas Procurement and Contract Management Guide.

Establishing a contract close-out process would ensure that the desired outcomes of contract terms have been achieved, which is a key function of proper contract administration.

RECOMMENDATIONS FOR MANAGEMENT

Asset Management should establish and implement a written close-out policy and process to ensure contractual obligations are adequately fulfilled, in accordance with the GLO Contract Management Handbook policy and state contract management guidelines.

MANAGEMENT'S RESPONSE

Asset Management created and implemented a close-out policy in accordance with the state policy and guidelines

Implementation Date: April 1, 2022

*Contact(s): Russell May, Deputy Director, Asset Management
David Wells, Asset Management*

CHAPTER 2: OIL SPILL PREVENTION & RESPONSE**MANAGEMENT'S SUMMARY RESPONSE**

Management concurs with the recommendations.

The following chart provides a summary of results for the testing of the listed policies and processes of the program area.

Oil Spill Prevention & Response	
Acceptance of Deliverables Policy	Action Needed
Acceptance of Deliverables Process	Action Needed
Contract Close-Out Policy	Action Needed
Contract Close-Out Process	Action Needed

A. ESTABLISH AN ACCEPTANCE OF DELIVERABLES POLICY FOR PRODUCTS AND SERVICES

The GLO acceptance of deliverables policy was required to be developed, implemented, and maintained by all GLO Program Areas, effective July 17, 2017, which is based on guidance from the State of Texas Contract Management Guide.

Oil Spill Prevention & Response has not implemented a documented GLO acceptance of deliverable policy. Therefore, it is not in compliance with the policy's requirement to develop a written policy that describes their processes for accepting deliverables, reviewing contractor documentation, and reviewing and approving vendor invoices.

RECOMMENDATIONS FOR MANAGEMENT

Oil Spill Prevention & Response should ensure compliance with the agency acceptance of deliverables policy by developing a written policy that describes their processes for accepting deliverables, reviewing contractor documentation, and reviewing/approving vendor invoices. The development of a policy should include all the standard policy elements described in the agency acceptance of deliverables policy.

MANAGEMENT'S RESPONSE

Oil Spill Prevention & Response developed a written Acceptance of Deliverables Policy to include all the standard elements in accordance with agency policy.

Implementation Date: April 25, 2022

Contact: Santana Ramirez, Project Manager, Oil Spill Prevention & Response

B. ENHANCE THE ACCEPTANCE OF DELIVERABLES PROCESS

Oil Spill Prevention & Response has established a process for the acceptance of deliverables; however, the process does not include documentation of a review of contract documents to ensure deliverables conform to contract requirements. As a result, Oil Spill Prevention & Response is not in compliance with the agency acceptance of deliverable policy standard element “Contract Documentation Review/Approval” which requires the retention of documentation to support the review and approval of contract deliverables conforming to contract requirements.

The following standard policy elements are required for Contractor Documents Review/Approval:

- Approval Authority
- Document Review
- Date Reviewed and Accepted
- Documentation of Approval

RECOMMENDATIONS FOR MANAGEMENT

Oil Spill Preventative Response should ensure that their acceptance of deliverable policy and process includes the retention of documentation that supports their review of contract deliverables, in accordance with the agency policy.

MANAGEMENT’S RESPONSE

Oil Spill Prevention & Response developed a written Acceptance and Deliverables Policy to include all the standard elements in accordance with agency policy and created Acceptance of Deliverables form to document and support the review of contract deliverables.

Implementation Date: April 25, 2022

Contact: Santana Ramirez, Project Manager, Oil Spill Prevention & Response

C. ESTABLISH A CONTRACT CLOSE-OUT POLICY AND PROCESS

Oil Spill Prevention & Response has not established and implemented a policy or process for the close-out of contracts. Per the GLO's Contract Management Handbook, the purpose of the contract closeout process is to verify that both parties to the contract have fulfilled their contractual obligation and there are no outstanding responsibilities for either party. Additional guidance is provided in the State of Texas Procurement and Contract Management Guide.

Establishing a contract close-out process would ensure that the desired outcomes of contract terms have been achieved, which is a key function of proper contract administration.

RECOMMENDATIONS FOR MANAGEMENT

Oil Spill Prevention & Response should establish and implement a written close-out policy and process to ensure contractual obligations are adequately fulfilled, in accordance with the GLO Contract Management Handbook policy and state contract management guidelines.

MANAGEMENT'S RESPONSE

Oil Spill Prevention & Response developed a written contract close-out policy to include all the standard elements in accordance with agency policy to ensure contractual obligations have been fulfilled.

Implementation Date: April 25, 2022

Contact: Santana Ramirez, Project Manager, Oil Spill Prevention & Response

CHAPTER 3: OFFICE OF COMMUNICATIONS**MANAGEMENT'S SUMMARY RESPONSE**

Management concurs with the recommendations.

The following chart provides a summary of results for the testing of the listed policies and processes of the program area.

Office of Communications	
Acceptance of Deliverables Policy	Action Needed
Acceptance of Deliverables Process	Action Needed
Contract Close-Out Policy	Action Needed
Contract Close-Out Process	Action Needed

A. ESTABLISH AN ACCEPTANCE OF DELIVERABLES POLICY FOR PRODUCTS AND SERVICES

The GLO acceptance of deliverables policy was required to be developed, implemented, and maintained by all GLO Program Areas, effective July 17, 2017, which is based on guidance from the State of Texas Contract Management Guide.

The Office of Communications has not implemented a documented GLO acceptance of deliverable policy. Therefore, it is not in compliance with the policy's requirement to develop a written policy that describes their processes for accepting deliverables, reviewing contractor documentation, and reviewing and approving vendor invoices.

RECOMMENDATIONS FOR MANAGEMENT

The Office of Communications should ensure compliance with the agency acceptance of deliverables policy by developing a written policy that describes their processes for accepting deliverables, reviewing contractor documentation, and reviewing/approving vendor invoices. The development of a policy should include all the standard policy elements described in the agency acceptance of deliverables policy.

MANAGEMENT'S RESPONSE

We agree with the findings of the audit for each of the outlined issues. We will work to address these issues and make Audit aware when they have been implemented.

Implementation Date: August 31, 2022

Contact(s): Nick Cooper, Executive Assistant, Office of Communications
Maddie Markham, Project Manager, Office of Communications

B. ENHANCE THE ACCEPTANCE OF DELIVERABLES PROCESS

The Office of Communications has established a process for the acceptance of deliverables; however, the process does not include documentation of a review of contract documents to ensure deliverables conform to contract requirements. As a result, Communications is not in compliance with the agency acceptance of deliverable policy standard element “Contract Documentation Review/Approval” which requires the retention of documentation to support the review and approval of contract deliverables conforming to contract requirements.

The following standard policy elements are required for ‘Contractor Documents Review/Approval:

- Approval Authority
- Document Review
- Date Reviewed and Accepted
- Documentation of Approval

RECOMMENDATIONS FOR MANAGEMENT

The Office of Communications should ensure that their acceptance of deliverable policy and process includes the retention of documentation that supports their review of contract deliverables, in accordance with the agency policy.

MANAGEMENT’S RESPONSE

We agree with the findings of the audit for each of the outlined issues. We will work to address these issues and make Audit aware when they have been implemented.

Implementation Date: August 31, 2022

*Contact(s): Nick Cooper, Executive Assistant, Office of Communications
Maddie Markham, Project Manager, Office of Communications*

C. ESTABLISH A CONTRACT CLOSE-OUT POLICY AND PROCESS

The Office of Communications has not established and implemented a policy or process for the close-out of contracts. Per the GLO's Contract Management Handbook, the purpose of the contract closeout process is to verify that both parties to the contract have fulfilled their contractual obligation and there are no outstanding responsibilities for either party. Additional guidance is provided in the State of Texas Procurement and Contract Management Guide.

Establishing a contract close-out process would ensure that the desired outcomes of contract terms have been achieved, which is a key function of proper contract administration.

RECOMMENDATIONS FOR MANAGEMENT

The Office of Communications should establish and implement a written close-out policy and process to ensure contractual obligations are adequately fulfilled, in accordance with the GLO Contract Management Handbook policy and state contract management guidelines.

MANAGEMENT'S RESPONSE

We agree with the findings of the audit for each of the outlined issues. We will work to address these issues and make Audit aware when they have been implemented.

Implementation Date: August 31, 2022

*Contact(s): Nick Cooper, Executive Assistant, Office of Communications
Maddie Markham, Project Manager, Office of Communications*

CHAPTER 4: ARCHIVES & RECORDS**MANAGEMENT'S SUMMARY RESPONSE**

Management concurs with the recommendations.

The following chart provides a summary of results for the testing of the listed policies and processes of the program area.

Archives & Records	
Acceptance of Deliverables Policy	Action Needed
Acceptance of Deliverables Process	Action Needed
Contract Close-Out Policy	Action Needed
Contract Close-Out Process	Action Needed

A. ENSURE THE ESTABLISHED ACCEPTANCE OF DELIVERABLES POLICY INCLUDES ALL REQUIRED STANDARD ELEMENTS IN ACCORDANCE WITH AGENCY POLICY

Archives and Records (A&R) has implemented an acceptance of deliverables policy. Currently A&R utilizes a Contract Monitoring Plan to address the policy, however it only includes four (4) of the twelve (12) standard elements required by the acceptance of deliverables policy.

Following are the eight (8) standard elements of the acceptance and deliverables policy that are not currently included in the A&R Contract Monitoring Plan:

Acceptance of Deliverables

- (1) Date Accepted – Describe the process for documenting the date the deliverable was accepted or rejected.
- (2) Documentation of Approval – Describe the process for documenting the deliverable of acceptance, including the format of the acceptance.

Contract Documentation Review/Approval

- (3) Document Review – Describe the process for reviewing and approving contractor documents and verifying that they support the contract deliverables and conform to contract requirements. Include in this description the process for rejecting contractor documents.
- (4) Date Reviewed and Accepted – Describe the process for documenting the date the documents were reviewed and accepted or rejected.
- (5) Documentation of Approval – Describe the process for documenting the review and approval of contractor documents, including the format of the acceptance (i.e., deliverables form with signatures, database, database with user roles/approval). In addition, indicate the format the

documents will be maintained at the GLO (hard copy or electronic) and the location of the record copy of the documents.

Invoice Review/Approval

- (6) Contract Comparison – Describe the process for verifying the invoice was not previously paid; that it is for accepted contract deliverables; and conforms to contract terms and pricing. Include in this description the process for rejecting vendor invoices.
- (7) Date Approved – Describe the process for documenting the date approved or rejected.
- (8) Supporting Documentation – Describe the process for attaching any necessary documentation that supports the line items and amounts in the invoice (i.e., documentation of deliverables acceptance, contractor documents, receipts, timesheets, etc.)

Having an established policy and process that encompasses all required elements of the governing agency policy will assist in ensuring that contract deliverables are properly managed and monitored in adherence to state and agency requirements.

RECOMMENDATIONS FOR MANAGEMENT

Archives & Records should revise its current acceptance and deliverables policy to include all the required standard policy elements in accordance with agency policy.

MANAGEMENT'S RESPONSE

Policy was revised and updated to include all the standard elements in accordance to agency policy.

Implementation Date: April 1, 2022

Contact: Susan Smith Dorsey, Director, Technical Services, Archives & Records

B. ENHANCE THE ACCEPTANCE OF DELIVERABLES PROCESS

Archives & Records has established a process for the acceptance of deliverables. However, the process does not include documentation of a review of contract documents to ensure deliverables conform to contract requirements. As a result, Archives and Records is not in compliance with the agency acceptance of deliverable policy standard element “Contract Documentation Review/Approval” which requires the retention of documentation to support the review and approval of contract deliverables conforming to contract requirements.

Per the agency Acceptance of Deliverables Policy, the following standard policy elements are required for ‘Contractor Documents Review/Approval:

- Approval Authority
- Document Review
- Date Reviewed and Accepted
- Documentation of Approval

RECOMMENDATIONS FOR MANAGEMENT

Archives & Records should ensure that their acceptance of deliverable policy and process includes the retention of documentation that supports their review of contract deliverables, in accordance with the agency policy.

MANAGEMENT’S RESPONSE

Archives and Records updated and revised their Acceptance of Deliverables Policy to ensure contractual obligations have been fulfilled.

Implementation Date: April 1, 2022

Contact(s): Susan Smith Dorsey, Director, Technical Services, Archives & Records

C. ESTABLISH A CONTRACT CLOSE-OUT POLICY AND PROCESS

Archives & Records has not established and implemented a policy or process for the close-out of contracts. Per the GLO's Contract Management Handbook, the purpose of the contract closeout process is to verify that both parties to the contract have fulfilled their contractual obligation and there are no outstanding responsibilities for either party. Additional guidance is provided in the State of Texas Procurement and Contract Management Guide.

Establishing a contract close-out process would ensure that the desired outcomes of contract terms have been achieved, which is a key function of proper contract administration.

RECOMMENDATIONS FOR MANAGEMENT

Archives and Records should establish and implement a written close-out policy and process to ensure contractual obligations are adequately fulfilled, in accordance with the GLO Contract Management Handbook policy and state contract management guidelines.

MANAGEMENT'S RESPONSE

Archives and Records updated and revised their Acceptance of Deliverables Policy to ensure contractual obligations have been fulfilled.

Implementation Date: April 1, 2022

Contact: Susan Smith Dorsey, Director, Technical Services, Archives & Records

CHAPTER 5: COASTAL RESOURCES

MANAGEMENT'S SUMMARY RESPONSE

Management concurs with the recommendations.

The following chart provides a summary of results for the testing of the listed policies and processes of the program area.

Coastal Resources	
Acceptance of Deliverables Policy	Implemented – No Action Needed
Acceptance of Deliverables Process	Implemented – No Action Needed
Contract Close-Out Policy	Implemented – No Action Needed
Contract Close-Out Process	Action Needed

IMPLEMENT ENHANCEMENTS TO THE ESTABLISHED CONTRACT CLOSE-OUT PROCESS

Coastal Resources has a policy and process in place for the close-out of contracts, however key elements are not included in the process. Per the GLO's Contract Management Handbook, the following key element is needed to be included in the Coastal Resources contract close-out process:

1. Final payment is issued

RECOMMENDATIONS FOR MANAGEMENT

Coastal Resources should revise its current close-out policy and process to ensure the inclusion of all key elements in accordance with agency policy.

MANAGEMENT'S RESPONSE

The Coastal Erosion Planning & Response Act Program (CEPRA) will update the CEPRA Policies and Procedures Manual to include the contract closeout process. The process will include verification that both parties to the contract have fulfilled their contractual obligations.

Specifically, the CEPRA Project Manager will:

- *compare actual performance against performance measures, goals and objectives, to determine whether all required work has been completed;*
- *all goods or services have been received and accepted;*
- *all reports have been delivered and accepted;*
- *all administrative actions have been accomplished;*
- *all agency-furnished equipment and materials have been returned;*
- *all property inventory and ownership issues are resolved including disposition of any equipment or licenses purchased under the contract;*

- *final acceptance from the project manager has been received;*
- *final payment has been made to the contractor; and*
- *if necessary, any remaining funds disencumbered in BSO and account reconciles to information in Salesforce Project Management System.*

The Project Manager will ensure that vendor performance is reported to VPTS and that the contractor is aware of and follows records retention requirements.

Implementation Date: April 4, 2022

Contact(s): Kevin Frenzel, CEPRA Program Manager, Coastal Resources

CHAPTER 6: CONSTRUCTION SERVICES

MANAGEMENT'S SUMMARY RESPONSE

Management concurs with the recommendations.

The following chart provides a summary of results for the testing of the listed policies and processes of the program area.

Construction Services	
Acceptance of Deliverables Policy	Implemented – No Action Needed
Acceptance of Deliverables Process	Implemented – No Action Needed
Contract Close-Out Policy	Implemented – No Action Needed
Contract Close-Out Process	Action Needed

IMPLEMENT ENHANCEMENTS TO THE ESTABLISHED CONTRACT CLOSE-OUT PROCESS

Construction Services has a policy and process in place for the close-out of contracts, however key elements are not included in the process. Per the GLO's Contract Management Handbook, the following key element is needed to be included in the Construction Services contract close-out process:

1. Final payment is issued

RECOMMENDATIONS FOR MANAGEMENT

Construction Services should revise its current close-out policy and process to ensure the inclusion of all key elements in accordance with agency policy.

MANAGEMENT'S RESPONSE

For all projects (when the Buyspeed is managed by CS) Construction Services follows this procedure for closeout (from the CS Staff Services Officer):

Our 'financial' closeout process is initiated when I receive an invoice from the projects PM stating Final Invoice (with Project Closeout Checklist included). I enter the invoice into the BuySpeed system for payment, then let it payout. After it pays out, which can take up to 30 days from the date of receipt, I will then ask the PM if any other invoices are expected and if all contractual obligations have been 100% satisfied, if so, I disencumber any remaining balance(s) on the PO. The PM will let Procurement and Contracts know when the project is complete.

This process is not fully defined in our current Policy Manual, it is only referenced as "Buyspeed Procedures".

We will supplement our written policies with an annual (FY) memo from Staff Services Officer to me outlining the Buyspeed processes from initial entry, thru payments and into final closeout procedures. This will be forwarded to all CS Project Managers on an annual basis.

Implementation Date: May 31,2022

Contact: Jeff Kauffmann, Deputy Director, Construction Services

CHAPTER 7: ENTERPRISE TECHNOLOGY SOLUTIONS**MANAGEMENT'S SUMMARY RESPONSE**

Management concurs with the recommendations.

The following chart provides a summary of results for the testing of the listed policies and processes of the program area.

Enterprise Technology Solutions	
Acceptance of Deliverables Policy	Implemented – No Action Needed
Acceptance of Deliverables Process	Implemented – No Action Needed
Contract Close-Out Policy	Implemented – No Action Needed
Contract Close-Out Process	Action Needed

IMPLEMENT ENHANCEMENTS TO THE ESTABLISHED CONTRACT CLOSE-OUT PROCESS

Enterprise Technology Solution (ETS) has a policy and process in place for the close-out of contracts, however key elements are not included in the process. Per the GLO's Contract Management Handbook, the following key elements are needed to be included in the ETS contract close-out process:

1. All property inventory and ownership issues are resolved, including disposition of equipment or licenses purchase under the contract
2. Final payment is issued.

RECOMMENDATIONS FOR MANAGEMENT

Enterprise Technology Solutions should revise its current close-out policy and process to ensure the inclusion of all key elements in accordance with agency policy.

MANAGEMENT'S RESPONSE

Enterprise Technology Services (ETS) management concurs with the recommendations for the revisions to the 'Contract Close-Out Process'. For both issues, the ETS 'PMO Closeout Checklist Template' has been updated and the PMO team will initiate the closeout changes for in-flight and future projects.

Implementation Date: April 13, 2022

Contact: Cory Wilburn, Chief Information Officer, Enterprise Technology Solutions

CHAPTER 8: OFFICE OF INFORMATION SECURITY**MANAGEMENT’S SUMMARY RESPONSE**

Management concurs with the recommendations. The “Detailed Results” section of this report contains management’s response to each observation.

The following chart provides a summary of results for the testing of the listed policies and processes of the program area.

Office of Information Security	
Acceptance of Deliverables Policy	Implemented – No Action Needed
Acceptance of Deliverables Process	Implemented – No Action Needed
Contract Close-Out Policy	Implemented – No Action Needed
Contract Close-Out Process	Action Needed

A. IMPLEMENT ENHANCEMENTS TO THE ESTABLISHED CONTRACT CLOSE-OUT PROCESS

The Office of Information Security (OIS) has a policy and process in place for the close-out of contracts, however key elements are not included in the process. Per the GLO’s Contract Management Handbook, the following key elements are needed to be included in the Office of Information Security contract close-out process:

1. All property inventory and ownership issues are resolved, including disposition of equipment or licenses purchase under the contract.
2. Final payment is issued

RECOMMENDATIONS FOR MANAGEMENT

The Office of Information Security should revise its current close-out policy and process to ensure the inclusion of all key elements in accordance with agency policy.

MANAGEMENT’S RESPONSE

OIS concurs with the recommendations for the revisions to the ‘Contract Close-Out Process’. For both issues, ETS has updated the ‘PMO Closeout Checklist Template’ and the PMO team will initiate the closeout changes for in-flight and future projects. Because OIS follows ETS’ process.

Implementation Date: April 13, 2022

Contact: Arturo Montalvo, Chief Information Security Officer, Office of Information Security

APPENDICES

APPENDIX A

OBJECTIVE

Determine whether agency program areas are effectively managing and monitoring contracts in adherence to established policies and requirements for contract management and monitoring.

SCOPE & METHODOLOGY

The scope of the audit consisted of reviewing and evaluating information and documents associated with the management and monitoring of agency contracts, agreements, and grants. Based on a risk assessment and prior audits conducted of agency program areas, eight program areas were selected for review, including:

1. Asset Management
2. Oil Spill Prevention & Response
3. Office of Communication
4. Archives & Records
5. Coastal Resources
6. Construction Services
7. Enterprise Technology Solutions
8. Office of Information Security

The methodology included observing processes, interviewing employees, performing a survey, collecting information, performing tests, analyzing, and evaluating information pertaining to management and monitoring of agency contracts, agreements, and grants.

The audit was conducted in accordance with *Government Auditing Standards* and *International Standards for the Professional Practice of Internal Auditing*. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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