



Follow-up Audit of the Review of State-Funded Grant Agreements and Contracts

Project No. 2025.09
April 2026

Executive Summary

Internal Audit validated the implementation status of the recommendations resulting from the Review of State-Funded Grant Agreements and Contracts (Project No. 2018.08). This prior audit report was released in November 2019 and included a total of 25 recommendations. Follow-up work consisted of tests of Fiscal Year 2025 processes, transactions, and activities, as well as other related time periods as needed.

The Review of State-Funded Grant Agreements and Contracts evaluated processes and controls over the agency's administration of select state-funded grant agreements and contracts for the period from September 1, 2017, to November 30, 2018. The review concentrated primarily on four of the agency's state grant programs, and evaluated all phases of grant and contract administration from solicitation through final contract close-out.

The 25 prior audit recommendations focused on the following areas:

- Improvements to contract solicitation practices and procedures,
- Strengthening the contract risk analysis process and methodology,
- Improving the consistency of contract monitoring activities,
- Enhancing the timeliness and accuracy of grant and contract payment processing,
- Formalizing and measuring timelines and goals for processing applications, and
- Making enhancements to information systems used in grant and contract administration.

Overall, our review concluded that the agency fully implemented 24 (96%) of the 25 recommendations and substantially implemented 1 (4%) of the 25 recommendations.

Prior Audit Recommendations	Validated Implementation Status
24	Fully Implemented
1	Substantially Implemented
25	Total

Internal Audit determined that governance, risk management, and control processes over the agency's administration of state-funded grant agreements and contracts were generally effective in supporting the achievement of its objectives. However, management should take further action to ensure full implementation of one prior audit recommendation determined to be substantially implemented that pertained to the measurement of timelines established for processing applications.

Detailed information about each prior audit recommendation, including their validated implementation status, a description of the specific processes and controls that were determined to be strengthened or established, and one subsequent recommendation, can be found in the Detailed Results section of this report.

Background

In November 2019, Texas Water Development Board's (TWDB) Internal Audit released the audit report entitled a Review of State-Funded Grant Agreements and Contracts (Project No. 2018.08). The objective of the engagement was to evaluate processes and controls over the agency's administration of select state-funded grant agreements and contracts for the period from September 1, 2017, to November 30, 2018. The review focused primarily on four of the agency's major state grant programs, and evaluated all phases of grant and contract administration from solicitation through final contract close-out. A total of 25 recommendations resulted from the prior audit.

The four financial assistance programs included in the prior audit were:

- Economically Distressed Areas Program (EDAP),
- Flood Protection,
- Agriculture Water Conservation (AWC), and
- Regional Water Planning (RWP).

Texas Water Code, Sections 15.008 and 17.935, and Texas Government Code, Section 783.003(3), as it relates to special-purpose districts, exempt the four state-funded grant programs included in this review from the standard financial management conditions and uniform assurances prescribed by the Uniform Grant Management Standards. However, these standards were designed to promote efficient use of public funds in local government and therefore, provide a best-practice framework for managing state grant funds.

The General Appropriations Act (89th legislature) includes requirements for state agencies to report certain grant agreements and contracts to the Legislative Budget Board.

The Texas Procurement and Contract Management Guide (TPCMG), released by the Comptroller's Statewide Procurement Division, provides the framework for implementing statutory procurement and contracting requirements.

TWDB Contracting Policies and Procedures outline agency processes used to administer and manage state-funded grant agreements and contracts. An Operational Framework, work process documents, desktop procedures, standardized tracking tools, forms, instructions, and Intended Use Plans (IUP) were used for contract administration, management, and monitoring purposes.

Contract specialists, organizationally located in Procurement and Contract Services (PCS) Division of the Finance Office, helped ensure consistent and compliant coordination, tracking, and administration of grant agreements and contracts. Contract managers resided within each program area under the respective Office, and were the designated contact for their assigned grant agreements or contracts. Contract managers were responsible for contract initiation and execution, and monitoring progress of work performed.

Information systems and applications used to administer and manage state-funded grant agreements and contracts included the following:

- The Contract Administration System (CAS) administers and tracks agency contracts, including contracts financed by state grant funds.
- Texas Water Information System Enhancement (TxWISE) administers and tracks construction assistance projects including EDAP grant agreements.

- Microsoft Power BI is a data reporting tool used to create dashboards and reports, including those for contract administration and monitoring purposes.

Objectives, Scope, and Methodology

Objective

The objective of the audit was to conduct follow-up audit work to validate the implementation status of the prior audit recommendations resulting from the Review of State-Funded Grant Agreements and Contracts (Project No. 2018.08, November 2019).

Scope and Methodology

The scope of follow-up audit work covered Fiscal Year 2025 (September 1, 2024, to August 31, 2025), and other related time periods as needed.

A sample of five grant agreements and contracts was selected for testing. The sample consisted of one EDAP grant agreement, two RWP contracts, and two AWC contracts. Internal Audit noted that there were no Flood Protection contracts processed within the scope of the follow-up audit work and, as a result, these were not included in the sample.

The methodology for the audit consisted of a review of the following information:

- General Appropriations Act (89th Texas Legislature).
- Texas Procurement & Contract Management Guide (TPCMG).
- TWDB Contracting Policies and Procedures.
- TWDB Operational Framework.
- Desktop procedures, standardized tracking tools, and other work process documents.
- Contract administration and monitoring forms and instructions.
- EDAP Intended Use Plans (IUP).
- Request for application instructions and guidance documents, applications, responses, Board items, and scoring summaries.
- Grant agreements, contracts, and amendments.
- Payment requests, invoices, and supporting documentation.
- Grant agreement and contract data, and related reports and queries from CAS and TxWISE.

Tests and procedures included the following:

- Conducted interviews and walk-throughs with management and staff.
- Reviewed applicable statutes, rules, and reporting requirements.
- Reviewed state and agency contract guidance, policies, procedures, grant agreements, and contracts.
- Selected and tested a sample of grant agreements and contracts to validate implementation status of the recommendations.
- Evaluated grant agreements and contract file documentation, including applications, date-stamped responses, contract initiation forms, procurement checklists, and risk analyses and other related tools.
- Reviewed documentation of PCS Open Forum and Training invites, attendance, and materials.
- Reviewed PCS's Contract Year End Analysis.

Validated implementation status was classified as one of the following:

Classification	Description
Fully Implemented	Successful development and use of a system, process, or policy to implement a recommendation.
Substantially Implemented	Successful development, but inconsistent use of a system, process, or policy to implement a recommendation.
Incomplete or On-going	On-going development of a process, system, or policy to address a recommendation.
Not Implemented	Lack of a process, system, or policy to address a recommendation.

Auditors used professional judgment and rated the audit issue identified in this report. Issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

Priority/High: Issues identified that present risk or impacts that if not addressed could *critically* impact the area's ability to achieve goals to support the agency's objective. Immediate action is required to address the noted concern(s) and reduce risks to the audited area.

Medium: Issues identified that present risk or impacts that if not addressed could *moderately* affect the audit area's ability to effectively administer activities. Action is required to address the noted concern(s) and reduce the risk to an acceptable level.

Low: The audit identified best practices that support the area's ability to administer activities audited or the issues identified do not present significant risks or effects that would negatively impact the audited area's ability to effectively administer activities audited.

This engagement was conducted in accordance with the *Generally Accepted Government Auditing Standards* and the *Global Internal Audit Standards*. 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 the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

The audit team consisted of:

Michelle Cooper, CFE, CGAP, CICA
 Marisela Gonzalez, CTCM
 Nicole Campbell, CIA, CISA, MPA

Detailed Results

Internal Audit validated the implementation status of a total of 25 recommendations that resulted from the Review of State-Funded Grant Agreements and Contracts (Project No. 2018.08, November 2019). Follow-up work consisted of tests of related Fiscal Year 2025 processes, transactions, and activities, as well as other time periods as needed.

Overall, Internal Audit concluded the agency fully implemented 24 (96%) of the 25 recommendations, and substantially implemented 1 (4%) of the 25 recommendations. Detailed information about each prior audit recommendation, their verified implementation status, descriptions of the processes and controls that were determined to be improved or implemented, and one subsequent recommendation are addressed below.

Detailed Results and Implementation Status of Prior Audit Recommendations

Prior Audit Finding	Prior Audit Recommendation	Verified Implementation Status
1. A solicitation process has been developed and implemented; however, written procedures should be updated, and date-stamped response documents should be retained.	1(a) Update written solicitation procedures to include additional detail for receiving application responses as required by the TPCMG and to specify the solicitation practices for EDAP grant agreements.	<p>Fully Implemented</p> <p>PCS updated written solicitation procedures to include detail for receiving application responses. These documents include TWDB's Contracting Policies and Procedures, PCS's Solicitation Work Process Document, and procurement checklists.</p> <p>EDAP's IUP contains detailed written processes and procedures for administering applications and the solicitation practices for receiving EDAP grant agreements. Auditors evaluated one (1) EDAP grant agreement, with two (2) abridged applications. Both applications completed all sections. Documentation was retained to validate when the applications were received.</p>
	1(b) Develop and implement a process to ensure date-stamped response documents are retained.	<p>Fully Implemented</p> <p>PCS updated written solicitation procedures to include the process for ensuring date-stamped response documents are retained. These documents include TWDB's Contracting Policies and Procedures, PCS's Solicitation Work Process Document, and required procurement checklists. The information addresses receipt of responses, documenting receipt of the response applications, inadvertent opening of a response, and retention of dated response documentation.</p> <p>Auditors evaluated five (5) grant agreement and contract files to determine whether date-stamped response documents were retained. All five (5) files (100%) included the date-stamped response documents, as required.</p>

Prior Audit Finding	Prior Audit Recommendation	Verified Implementation Status
<p>2. Compliance with procurement requirements was verified prior to award; however, written procedures should be improved, supporting documentation of each verification should be retained, and the process should be consistently followed.</p>	<p>2(a) Improve written procedures for verifying procurement requirements to include sufficient detail for contract specialists to consistently validate all procurement requirements.</p>	<p>Fully Implemented PCS's standardized Contract Initiation Form (CIF) facilitates verification of procurement requirements, and Section 3.4 of TWDB's Contracting Policies and Procedures outlines the purpose and procedure for submitting the form. Section 4 of PCS's Solicitation Work Process Document also establishes that PCS staff are responsible for retaining dated proof of each verification of procurement requirements.</p> <p>Auditors evaluated a sample of five (5) grant agreement and contract files to determine if the vendor checklist on the CIF, if required, was consistently completed. Of the five (5), four (4) contracts required use of a CIF. Auditors found that all four (4) files (100%) were completed in their entirety.</p>
	<p>2(b) Develop and implement a process to ensure dated, supporting documentation of each verification is retained.</p>	<p>Fully Implemented Section 4 of PCS's Solicitation Work Process Document establishes PCS staff are responsible for retaining dated proof of each verification of procurement requirements. Section 3.18 of TWDB's Contracting Policies and Procedures also states that contract documentation will be retained in accordance with the agency Records Retention Schedule, and consistent with Texas Government Code requirements.</p>
	<p>2(c) Strengthen controls to ensure verifications of compliance with procurement requirements are consistently performed, including for the administration of EDAP grant agreements in accordance with the agency's contracting policies and procedures.</p>	<p>Fully Implemented PCS updated written procedures to provide clarification on administration of EDAP grant agreements and required compliance standards. TWDB's Contracting Policies and Procedures, Chapter 4 Grant Programs, references required adherence to the statutory requirements contained in the applicable governing statutes in the Texas Water Code and Operational Framework. EDAP's IUP also provides detailed processes for administering EDAP grant agreements.</p> <p>Auditors reviewed one EDAP grant agreement and confirmed that all requirements were met in accordance with the IUP.</p>
<p>3. Existing processes should be strengthened to ensure state-funded grant agreements and contracts are reported in accordance with the</p>	<p>3(a) Strengthen processes to ensure Legislative Budget Board reporting requirements are met in accordance with the General Appropriations Act for state-funded grant agreements and contracts.</p>	<p>Fully Implemented TWDB's Contracting Policies and Procedures were updated, and include Section 3.14 Contract Reporting. This section outlines the procedures for reporting certain contracting activities in accordance with statutory requirements.</p>

Prior Audit Finding	Prior Audit Recommendation	Verified Implementation Status
General Appropriations Act.		PCS developed and implemented the agency's Operational Framework document, which also provides clear information regarding the specific contracts to be reported to the Legislative Budget Board. Auditors verified the required reporting occurred for the FY2025 and 2026 timeframe.
4. A risk analysis procedure has been developed and implemented for state-funded grants; however, controls should be strengthened to ensure grant and contract risk is reassessed as needed, the risk methodology used to determine overall risk scores and ratings should be periodically reviewed, and the process should be consistently followed.	4(a) Develop and implement a process to ensure risk scores and ratings are reassessed, as needed, so that the appropriate level of monitoring can be applied and performed for the remaining term of the grant or contract.	Fully Implemented PCS updated written risk procedures to ensure risk scores and rating are reassessed, as needed. TWDB's Contracting Policies and Procedures, Chapter 3, Section 3.5 Risk Analysis and Enhanced Contract Monitoring, requires contract managers to reassess the contract risk once a year, at a minimum, or upon issuance of each task order for master service agreement contracts.
	4(b) Strengthen controls over the risk analysis process to ensure final risk scores and ratings are confirmed and approved by incorporating a supervisory-level review of the completed risk analysis.	Fully Implemented PCS updated the risk analysis tool to ensure final risk scores and ratings receive a supervisory-level review and signature approval. The risk analysis tool now requires Contract Manager, Director, and Deputy Executive Director (DEA) signatures.
	4(c) Update written risk analysis procedures to reflect improvements made to the risk analysis process.	Fully Implemented As noted under 4(a) and 4(b), PCS updated written risk procedures to ensure risk scores and rating are reassessed as needed, and final risk scores and ratings receive a supervisory-level review and signature approval.
	4(d) Periodically review and update, as needed, the risk analysis methodology to ensure risk attributes are relevant, and risk scores and ratings represent a more accurate assessment of grant or contract risk to the agency.	Fully Implemented PCS reviewed and updated TWDB's Contracting Policies and Procedures, which include the risk analysis process, in June 2025 and January 2026.
	4(e) Strengthen controls to ensure risk analyses are consistently completed and supporting documentation is retained, including instances when the reassessment of risk is necessary.	Fully Implemented As noted under 4(a) and 4(b), PCS updated written risk procedures to ensure risk scores and rating are reassessed as needed, and final risk scores and ratings receive a supervisory-level review and signature approval.
	4(f) Consider enhancements to information systems used in grant and contract administration to reinforce the recommended procedural updates and to provide contract managers with the tools needed to more effectively assess and proactively mitigate grant and contract risk to the agency.	Fully Implemented CAS was enhanced to capture risk scores more accurately, which helped streamline the risk analysis process. The updated risk analysis tool and CAS enhancements require the contract manager to enter a single overall score representing the aggregate of attributes

Prior Audit Finding	Prior Audit Recommendation	Verified Implementation Status
	Enhancements may address the ability to capture risk scores, provide risk-related reports, send automated notifications of outstanding deliverables, and provide alerts for the potential need to reassess risk.	from the risk analysis. The supporting documentation for the risk analysis score is uploaded manually into the system to ensure consistency and avoid discrepancies between CAS and the risk analysis tool.
5. Monitoring processes should be enhanced to ensure consistency and uniformity in practice, and to improve accountability for tracking and meeting deliverables.	5(a) Strengthen controls to ensure deliverables relating to reporting requirements are met in accordance with the terms and conditions of the grant agreement or contract.	<p>Fully Implemented</p> <p>PCS updated written procedures pertaining to the tracking of contract deliverables and requirements. TWDB's Contracting Policies and Procedures, Section 1.2 Contract Management and Monitoring, outlines contract manager's responsibilities to ensure deliverables are met.</p> <p>Regional Water Planning work process documents were also updated to provide contract managers with added guidance on contract monitoring of deliverables and performance, and a contract tracking tool was also developed to standardize the information recorded and retained for monitoring purposes by their contract managers.</p>
	<p>5(b) Update written procedures and guidance materials to:</p> <ul style="list-style-type: none"> • Provide sufficient detail for contract managers to consistently carry out monitoring responsibilities and improve accountability for tracking and meeting deliverables, • Clearly define the terms grant and contract as they apply to the agency's various grant programs, and to promote uniformity, provide a clear understanding of which statutory requirements apply to each and the appropriate policies and procedures to follow when administering and managing the related funds, and • Reflect improvements made to monitoring-related processes. 	<p>Fully Implemented</p> <p>TWDB's Contracting Policies and Procedures were updated, and include Section 1.2 Contract Management and Monitoring. This section outlines the procedures that contract manager's must follow to manage and document daily contract issues and monitor contractor performance. The updated procedures provide guidance for contract manager's to fulfill their monitoring responsibilities, and enhance accountability in tracking and meeting deliverables.</p> <p>PCS developed and implemented the agency's Operational Framework document, which provides a distinction between the different types and purposes of contracts, and the agency's various state grant programs. It also delineates procurement methods, constitutional and statutory authority, and applicable state and federal standards.</p>
	5(c) Provide training on monitoring policies, procedures, and agency-specific tools available to assist with grant and contract management.	<p>Fully Implemented</p> <p>PCS Open Forum and Training sessions were held and offered broadly to contract managers, administrative staff, and senior management. Training materials outlined the requirements and responsibilities of contract managers in relation to managing and monitoring contracts and grants. Presentation documentation included information on CAS, used for monitoring, tracking, and maintaining contract</p>

Prior Audit Finding	Prior Audit Recommendation	Verified Implementation Status
	5(d) Consider enhancements to information systems used in grant and contract administration to reinforce the recommended procedural updates and to provide contract managers with the tools needed to more effectively track grantee and contractor performance and progress. Enhancements may address the ability to upload and submit documentation, send automated notifications of outstanding deliverables, provide alerts for upcoming contract expirations, and provide coding to classify grants and contracts and distinguish between state and federal funding types.	and payment documentation. Fully Implemented Certain enhancements were made to information systems used in grant and contract administration to reinforce the recommended procedural updates and to provide contract managers with the tools needed to more effectively track grantee and contractor performance and progress. Power BI reports were developed to provide alerts to contract managers for upcoming contract expirations, late payments, amendments, contract budget, and other contract or payment related items. Enhancements were also implemented in CAS to show the distinction between contracts and grants, and state and federal funding types.
6. Payment requests were reviewed and approved prior to the release of funds; however, controls over the payment process should be strengthened to ensure requests are received timely, adequate documentation is submitted to support expenses and to verify certain contract terms, and only eligible advance payments are processed.	6(a) Strengthen controls to ensure payment requests are submitted by contractors timely and in accordance with the terms and conditions of the contract.	Fully Implemented This recommendation pertained to Regional Water Planning contracts. Auditors evaluated Regional Water Planning work process documents and verified they were updated to provide contract managers with additional guidance regarding contract monitoring and payment requests. A contract tracking tool was also developed to provide for standardization and consistency in monitoring processes and tracking payments. The tool and additional guidance are designed to help ensure payments are submitted timely.
	6(b) Develop and implement a process to verify advanced funds are placed in separate interest-bearing accounts and consider any interest earned on previous advances in the agency's payment of committed funds, as required by the terms and conditions of the contract.	Fully Implemented This recommendation pertained to Regional Water Planning contracts. TWDB's Contracting Policies and Procedures, Section 3.10 Review and Approval of Contract Payments, addresses the review and approval of contract payments. PCS's contract payment-related desktop procedures provide added detail for verifying advanced funds are placed in separate interest-bearing accounts. Auditors reviewed and tested two (2) Regional Water Planning contracts that required advanced funds to be placed into an interest-bearing account. Both (100%) complied with the procedures for depositing funds into interest-bearing accounts.
	6(c) Strengthen controls to ensure valid invoices are used to support payment requests, and advance payment eligibility and calculations are processed accurately.	Fully Implemented TWDB's Contracting Policies and Procedures, Section 3.10 Review and Approval of Contract Payments, addresses the review and approval of contract payments and states that PCS will conduct an administrative review of invoices against contract provisions and applicable

Prior Audit Finding	Prior Audit Recommendation	Verified Implementation Status
		<p>governing statutes. PCS's contract payment-related desktop procedures detail the processes for receiving invoices used to support payment requests. They include instructions for reviewing invoices and verifying that supporting documentation is valid and aligns with the TPCMG. CAS functionality also assists with advance payments tracking and calculations. The contract manager is responsible for verifying the accuracy of calculations and providing approval within the CAS system.</p> <p>Auditors reviewed and tested two (2) Regional Water Planning contracts. Both (100%) contracts contained valid documentation of invoices, payments requests, and payments.</p>
	<p>6(d) Update written procedures to reflect improvements made to payment-related processes.</p>	<p>Fully Implemented Regional Water Planning work process documents were updated to provide contract managers with additional guidance regarding contract monitoring and payment requests. TWDB's Contracting Policies and Procedures, Section 3.10 Review and Approval of Contract Payments, addresses the review and approval of contract payments and states that PCS will conduct an administrative review of invoices against contract provisions and applicable governing statutes. PCS's contract payment-related desktop procedures detail the processes for receiving invoices used to support payment requests. They include instructions for reviewing invoices and verifying that supporting documentation is valid and aligns with the TPCMG. The payment request detail spreadsheet was also updated and is used in CAS to monitor payments processed, including advance payments, payment dates, percentages of total payments to date, and other payment-related information.</p>
	<p>6(e) Provide training on payment policies, procedures, and agency-specific tools available to assist with grant and contract management.</p>	<p>Fully Implemented PCS Open Forum and Training sessions have been held periodically and offered broadly to all contract managers, administrative staff, and senior management. The training materials outlined the requirements and responsibilities of contract managers in relation to managing and monitoring contracts and grants. Additionally, the slides included information on the CAS system used for monitoring, tracking, and maintaining contract and payment documentation.</p>

Prior Audit Finding	Prior Audit Recommendation	Verified Implementation Status
	6(f) Consider enhancements to information systems used in grant and contract administration to reinforce the recommended procedural updates and to provide contract specialists and managers with the tools needed to accurately, and more efficiently, process payments. Enhancements may address the ability to upload and submit payment requests and documentation, allow for automated notifications relating to payment requests, and provide ability to calculate payment advance eligibility and payment totals.	<p>Fully Implemented Certain enhancements were made to information systems used in grant and contract administration to reinforce the recommended procedural updates and provide contract specialists and managers with tools needed to process payments accurately and more efficiently. Power BI reports were developed for contract specialists and managers to provide alerts for upcoming contract expirations, late payments, amendments, contract budget, and to assist with tracking task balances and other contract or payment related items.</p> <p>Enhancements were also implemented in CAS to show the distinction between contracts and grants, and state and federal funding types. PCS updated the payment request detail report, which tracks payments processed, including advance payments, payment dates, and the percentage of total payments to date.</p>
7. Written procedures for closing out completed contracts exist; however, the process should be consistently followed to ensure data maintained in the contracting system is accurate.	7(a) Management should strengthen controls to ensure completed contracts are closed out in CAS timely and in accordance with written procedures by incorporating a periodic reconciliation of CAS data to MIP ¹ data to validate the integrity of the data maintained in the contracting system.	<p>Fully Implemented TWDB's Contracting Policies and Procedures, Section 3.18 Contract Close Out Procedure, states "PCS staff will follow detailed desktop procedures for closure of all records." Desktop procedures, Annual Closure Reconciliation, state "PCS coordinates with other Finance staff to perform a reconciliation of CAS data to financial data." Auditor's confirmed the most recent Contract Year End Analysis was conducted, as required.</p>
8. Timelines and goals for processing applications should be formalized and consistently measured, and additional steps should be taken, as needed, to improve efficiency.	8(a) Management should establish and document formal timelines and performance goals for processing applications.	<p>Fully Implemented TWDB's Contracting Policies and Procedures, Section 3.2 Procurement Process Determination, provides a formal timeline and performance goals for processing applications. The timeline is consistent with the recommendations in the TPCMG, and is used to evaluate performance and timeliness of the process.</p> <p>Additionally, EDAP and AWC programs use an Intended Use Plan and/or Standardized Grant Application processes to formally establish anticipated timelines.</p>
	8(b) Management should develop and implement a process to consistently measure the formal metrics in order to gauge progress and achievement, and based on the measurements, identify procedural	<p>Substantially Implemented Auditors verified that EDAP timelines were tracked, and included tasks, goals, phase of the task, resource name, duration, start date and finish date. Tracking efforts also recorded</p>

¹ Micro Information Product (MIP), a legacy internal accounting application.

Prior Audit Finding	Prior Audit Recommendation	Verified Implementation Status
	<p>adjustments aimed needed to improve processing efficiency.</p>	<p>board meetings, abridged applications, abridged applications review, scoring, and other tasks.</p> <p>Additionally, TWDB's Contracting Policies and Procedures, Section 3.2 Procurement Process Determination, provides a formal timeline and performance goals for processing applications. However, there was no documentation to demonstrate measurement to evaluate performance and timeliness of the process.</p> <p>Recommendation: Periodically measure and report formal metrics to gauge progress and achievement, and to identify procedural adjustments, as needed, for improving processing efficiency. (Priority/High)</p> <p>Management Response: <i>Management agrees with the recommendation. PCS has developed a Power BI report to track how many days items in the contracts worklog take to process, ensuring they align with the processing timelines outlined in our Contracts & Procurement Manual.</i></p> <p>Estimated Implementation Date: <i>April 30, 2026</i></p> <p>Responsible Party: <i>Lauren Grooms-Meyers</i></p>

Conclusion

We would like to express our appreciation to management and personnel for their cooperation and assistance provided to the internal audit staff during this review. For questions or additional information concerning this report, please contact Nicole Campbell at (512) 463-7978.

Report Distribution

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This report was distributed internally to the following:

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