



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

**REPORT ON THE AUDIT OF THE COASTAL RESOURCES
COASTAL EROSION PLANNING AND
RESPONSE ACT PROJECT MANAGEMENT**
JUNE 2019

OVERALL CONCLUSIONS

CEPRA PROJECT MANAGEMENT

We concluded that the Coastal Resources Grant Programs section generally complied with the terms of applicable Coastal Erosion Planning & Response Act (CEPRA) Project Cooperation Agreements and adequately managed CEPRA projects reviewed during this audit in accordance to the agency's CEPRA Policies and Procedures Manual. The audit determined that:

- Qualified Participating Partner (QPP) documents were timely submitted and project inspections were performed in compliance with contract terms and CEPRA policies and procedures.
- The Biennial Report to the Texas Legislature was developed and submitted in compliance with the CEPRA Act and CEPRA policies and procedures for the period reviewed.
- Observed invoices were processed and paid according to CEPRA policies and procedures.
- Matching funds provided by the QPP for shared project costs were received in compliance with the contract terms and conditions.
- Expenditure reconciliations were performed of CEPRA projects.
- Close-out processes were performed, and associated documents were adequately maintained in conformance with the CEPRA Manual and prescribed records retention schedule.

CEPRA FUNDING MANAGEMENT

We concluded that CEPRA funds¹ reviewed during this audit were adequately managed, tracked and reported by the Coastal Resources Grants Programs section. The audit determined that:

- CEPRA funds were appropriately approved and allocated for usage in accordance to the prescribed Legislative Appropriations.

¹ CEPRA funds are appropriated by the Legislature on a two-year cycle that coincides with the Texas Legislative biennium.

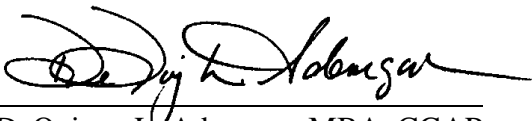
- CEPRA funds were adequately expensed, managed, monitored and reported for the periods reviewed during this audit.

The Coastal Resources Grants Management section generally provided adequate oversight for the project management of the CEPRA projects. Our procedures did not identify any material weaknesses in internal control over reporting or any non-compliance with laws or regulations that materially affected the CEPRA Program. In addition, the processes that were tested for the purpose of forming our opinions, relating to our audit objectives, were generally operating effectively.

Auditors communicated certain issues that were not material or deemed significant to the audit objectives in writing to management. As required by auditing standards, we will also communicate to management certain matters related to the conduct of this audit.

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 Julie Brandon at (512)463-4642 or DeQuincy Adamson at (512)463-8142.



DeQuincy L. Adamson, MBA, CGAP
Internal Audit Manager

June 21, 2019

Date

OBJECTIVES

The objectives of the audit were based on the results of a risk assessment performed during the planning phase of the audit. The audit objectives were:

- 1) To determine if Coastal Resource's Grant Programs section is complying with the terms of applicable Coastal Erosion Planning & Response Act (CEPRA) Project Cooperation Agreements and effectively managing CEPRA projects in adherence to the agency's CEPRA Policies and Procedures Manual.
- 2) To determine if CEPRA funding is being appropriately managed, tracked, and reported by Coastal Resources Grants Programs section.

SCOPE & METHODOLOGY

The scope of the audit included reviewing, analyzing, and evaluating information and documents associated with Coastal Resources management of the CEPRA projects, project cooperation agreements and related funding. The audit will include activity performed for the funding sources (state and federal) during Fiscal Years of 2016 and 2017 (9/1/2015 – 8/31/2017). During the scope of the audit, \$14,271,940 of CEPRA funding was leveraged to obtain \$11,462,267 in match funding for a total of \$25,734,207 in project funds.

The audit methodology consisted of observing processes, interviewing employees, collecting information, sampling invoices, performing tests, and analyzing and evaluating the information obtained.

The audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and *International Standards for the Professional Practice of Internal Auditing*. Those 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. The Office of Internal Audit for the Texas General Land Office meets the GAGAS independence requirements for internal audit organizations.

BACKGROUND INFORMATION

The purpose of the CEPRA Program, per the Texas Natural Resources Code (TNRC), 33.603(b), is to implement coastal erosion response projects and related studies to reduce the effects of and to understand the processes of coastal erosion as it continues to threaten public beaches, natural resources, coastal development, public infrastructure, and public and private property. Under CEPRA, the General Land Office (GLO) implements erosion response projects and studies through collaboration and a matching funds partnership with federal, state, and local governments, non-profit organizations and potential project partners.

The GLO, via the Coastal Resources Division, executes Project Cooperation Agreements (contracts) with Qualified Project Partners (QPP) to formalize the work plans, funding sources, and general legal responsibilities for the collaborative execution of CEPRA projects. In most instances, CEPRA requires the QPP to provide match funding for the shared project cost. If required, the QPP must satisfy the specified minimum percentage of the shared project cost which is dependent on the project type.

If the GLO is the lead project partner, the GLO is responsible for executing all project steps and expending funds on behalf of the qualified project partner, with the qualified project partner supplying the match to the GLO, if required. If the qualified project partner manages the project, the qualified project partner will request reimbursement from the GLO for the GLO's cost share of the project.

The State Legislature appropriates funding for the CEPRA program on a biennial basis, with priority given to projects that include construction of an erosion response solution during the biennium.