



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

**REPORT ON THE AUDIT OF  
VENDOR PROCUREMENT FOR COMMUNITY DEVELOPMENT BLOCK  
GRANT – DISASTER RECOVERY**

MAY 2021

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**OVERALL CONCLUSION**

The General Land Office (GLO), Disaster Procurement Division has policies, procedures, and guidelines for the procurement of goods and services related to Community Development Block Grant - Disaster Recovery (CDBG-DR) activities administered by the agency. The Disaster Procurement division generally provided reasonable assurance of agency compliance with federal and state contract procurement requirements for the administered activities.

During the audit, areas were identified that require revision and maintenance to strengthen the control environment and compliance with agency, state, and federal requirements. The areas identified pertained to the following:

1. Ensure procurement file documentation is complete and appropriately maintained in accordance with state requirements
2. Establish and revise policies and procedures to ensure compliance with State procurement requirements
3. Ensure the inclusion of all eligible vendors in the solicitation notification.

Throughout the audit, there were additional areas of consideration identified as opportunities for improvement, in which the agency could strengthen its internal controls associated with procurement processes for services or goods related to CDBG-DR but did not meet the criteria for inclusion in this report. These areas were presented to management in a separate communication.

**MANAGEMENT’S SUMMARY RESPONSE**

*Management concurs with the recommendations.*

The “Detailed Results” section of this report contains management’s response to each observation.

## ACKNOWLEDGEMENTS

We appreciate the assistance and cooperation provided by the GLO Disaster Procurement Division, Financial Management Division, and Contract Management Division, management, and staff of these areas during this audit. For questions about this report, please contact DeQuincy Adamson at (512) 463-8142, or me at (512) 463- 6078.



Tracey Hall, CPA, CISA  
Chief Auditor of Internal Audit

May 26, 2021  
Date

## OBJECTIVE

The objective of the audit was to evaluate agency compliance with federal and state contract procurement requirements for activities associated with the Community Development Block Grant -Disaster Recovery (CDBG-DR) administered by the agency.

## SCOPE & METHODOLOGY

The scope of the audit consisted of procurements of vendors for CDBG-DR activities related to recovery efforts for Hurricane Harvey (August 2017) during the period of FY (Fiscal Year) 2018 through FY2020.

The methodology consisted of observing processes, interviewing knowledgeable staff, collecting information, performing tests, and analyzing and evaluating the information. We reviewed our draft report with the appropriate management of the program area and solicited comments before issuing the final report.

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.

## BACKGROUND INFORMATION

The Texas Comptroller of Public Accounts (TXCPA) Statewide Procurement Division (SPD) is the central authority for state agency procurement guidance, education, and statewide contract development services. The GLO Procurement Divisions function as the contact between SPD, the vendor, and other GLO program areas. The term procurement refers to all aspects of the sourcing activities, including drafting and issuing the solicitation, evaluation of responses, selection of successful respondents, the negotiation of contracts, and the actual purchasing of goods or services. All purchases must be coordinated through the Procurement Divisions and are conducted in accordance with the Texas Procurement and Contract Management Guide, published by the SPD.

The GLO Procurement activities are divided between two Procurement Divisions:

1. Disaster Procurement Division conducts procurement of goods and services utilized for disaster related activities, which are predominately procured with Federal funds.
2. Procurement Division conducts procurement of all other, non-disaster related goods and services utilized by the agency.

The Procurement Divisions are responsible for establishing standard procedures, on behalf of the GLO, for the procurement of products and services in accordance with the Texas Procurement and Contract Management Guide, any other applicable State and Federal procurement requirements. Within this function, Procurement is responsible for conducting the solicitation and vendor selection process, prior to the award and execution of contracts.

The procurement cycle consists of 5 steps as depicted in the following:



1. Procurement Planning: Define the business need and establish the procurement objectives.
2. Procurement Method Determination: Identify the appropriate Procurement Method and, if applicable, issue a solicitation.
3. Vendor Selection: Fairly and objectively select the vendor that provides best value to the State.
4. Contract Formation & Award: Ensure that the awarded contract complies with applicable procurement law and contains provisions that achieve the procurement objectives; and
5. Contract Management: Administer and enforce the terms of the contract.

This audit included a review of the Disaster Procurement Divisions' role and activities conducted for the (2) Procurement Method Determination, (3) Vendor Selection, and (4) Contract Formation & Award steps of the procurement cycle.