



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

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

SEPTEMBER 2021

OVERALL CONCLUSION

The General Land Office Community Development and Revitalization Division (CDR) has policies, procedures, and guidelines, to ensure adequate vendor management processes for the Housing and Urban Development Community Development Block Grant – Disaster Recovery (CDBG-DR) programs. The following GLO administered, CDBG-DR programs were reviewed:

1. Affordable Rental Program (ARP)
2. Homeowner Assistance Program (HAP)
3. Homeowner Reimbursement Program (HRP)
4. Economic Revitalization Program (ERP)
5. Local Buyout/Acquisition Program

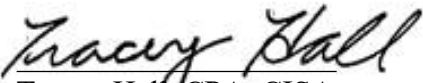
Based on the audit procedures conducted, there were no reportable or significant findings related to the established controls and processes for the following areas associated with GLO-CDR vendor management processes:

1. *Contract Management*, effective controls, and processes to ensure the adequate management of executed contracts for CDBG-DR operations in accordance with Federal and State requirements.
2. *Vendor/Contractor Monitoring*, effective controls, and processes to adequately manage and monitor vendor performance and the completion of contractual deliverables.
3. *Training*, program, and vendor staff are abreast of program operations and Federal and State requirements.
4. *Privacy*, defined, and effective standards, and requirements for vendors to implement and maintain adequate privacy measures for citizen data collected in support of CDBG-DR program operations.
5. *Cybersecurity*, defined standards, and requirements for vendors to implement and maintain adequate cybersecurity measures.
6. *Data Integrity*, defined standards, and requirements to validate the integrity of data that is collected, processed, and transferred by vendors to the GLO's systems and information repositories.
7. *Information Technology (IT) Availability & Continuity*, defined standards, or requirements for vendors for IT disaster recovery to enable sufficient IT system availability for systems and infrastructure that support CDBG-DR program operations.
8. *Identity and Access Management*, defined standards for management and control of vendor access to the GLO's IT systems.

GLO-CDR vendor management controls, and processes, were found to be generally effective. There were additional areas identified as opportunities to strengthen the internal controls associated with vendor management processes, but they did not meet the criteria for inclusion in this report. These areas were presented to management in a separate communication.

ACKNOWLEDGEMENTS

We appreciate the assistance and cooperation provided by the GLO CDR Division, Contract Management Division, Financial Management Division, and Enterprise Technology Solutions, management, and staff of these areas during this audit. For questions about this report, me at (512) 463- 6078.


Tracey Hall, CPA, CISA
Chief Auditor of Internal Audit

9/30/2021
Date

OBJECTIVE

The objective of the audit was to evaluate agency policies, procedures, and controls of the current framework of the GLO's management of vendors contracted to support the GLO in administering and monitoring the execution of the HUD CDBG-DR programs.

SCOPE & METHODOLOGY

The scope of the audit consisted of vendor management for CDBG-DR activities related to recovery efforts for Hurricane Harvey (August 2017) during the period of Fiscal Years 2018 through 2021.

The methodology consisted of limited observation of processes, interviewing knowledgeable staff, collecting information, performing tests, and analyzing and evaluating the information. The Office of Internal Audit conducted the audit as a co-sourced audit engagement with Ernst & Young LLP (EY).

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 General Land Office Community Development and Revitalization (GLO-CDR) division provides long-term recovery assistance to the people of Texas as they rebuild after disasters. In response to Hurricane Harvey, the U.S. Department of Housing and Urban Development (HUD) allocated approximately \$5.7 billion in funds which GLO-CDR is administering through recovery efforts involving housing, infrastructure, planning, and economic development via the following programs:

- Homeowner Assistance Program (HAP)
- Homeowner Reimbursement Program (HRP)
- Affordable Rental Program (ARP)
- Economic Revitalization Program (ERP)
- Local Buyout and Acquisition
- Local Infrastructure
- Local, Regional, and State Planning

The GLO-CDR division has partnered with various private vendors to assist in implementing the HUD programs. To ensure the success of recovery efforts, the agency has executed a "team of teams" approach to vendor management in which personnel from GLO-CDR, CMD, and M&QA collectively assume the responsibility for distinct aspects of vendor management. During the risk assessment process conducted in March 2020, this audit was identified for inclusion in the FY 2021 audit plan. The focus of the audit was to, on a limited basis, evaluate the design and effectiveness of the agency's vendor management processes.

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