



October 2024

Report No. 24-03

Report on the Audit of the Alamo Complex Operations

Overall Conclusions

The State of Texas appropriated funds to the General Land Office (GLO) to preserve and maintain the Alamo and develop and implement the Alamo Plan. In 2019, the GLO exclusively engaged Alamo Trust, Inc. (ATI) to manage and operate the Alamo for and on behalf of the GLO.

Under this agreement, ATI was given the right and obligation to conduct and control all aspects of the Alamo's daily management, operations, communications, and marketing to preserve and enhance its historic integrity, appeal, financial and physical condition, visitor experience, and overall quality.

ATI has established processes and controls to ensure the adequate oversight, management, and operation of the Alamo Complex in accordance with its contractual agreement with the GLO. Specifically, ATI complied with the following:

1. Utilizing local and state vendors for Alamo Plan construction projects.
2. Performing inspections of completed segments of the construction projects.
3. Properly allocating appropriated funds to be used as intended.
4. Reviewing and approving invoices prior to submission for reimbursement.

However, areas were identified that ATI and GLO should strengthen to increase the effectiveness of established processes and controls. The areas identified for improvement pertained to the following:

1. Documenting an Alamo Plan procurement process per the contractual agreement.
2. Consistently conducting conflict-of-interest reviews of vendors in accordance with contract requirements.
3. Strengthening the agency's capability to provide specialized oversight in managing construction activities at the Alamo Complex.

This report's "Detailed Results" section provides additional information on the above-mentioned items. As a result of the audit, additional areas were identified as opportunities for improvement to strengthen controls, but they did not meet the criteria for inclusion in this report. These items 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.

Acknowledgments

We appreciate the assistance and cooperation provided by the management and staff of GLO's Heritage division and ATI during this audit. For questions about this report, please contact me at (512)463-6078.

Tracey Hall

Tracey Hall, CPA, CISA
Chief of Audit and Compliance



Background Information

Chapter 31, Subchapter I, of the Texas Natural Resources Code¹, grants the GLO exclusive jurisdiction of the Alamo. The GLO is responsible for the preservation, maintenance, and restoration of the Alamo and its contents and is responsible for the protection of the historical and architectural integrity of the exterior, interior, and grounds of the Alamo in San Antonio, Texas, and all its contents.

GLO and ATI entered into a service contract for the management and operation of the Alamo in San Antonio, Texas. ATI was formed and exists solely to support the Alamo, ensuring that its meaning, significance, and message are protected and proudly proclaimed to all visitors.

ATI is required to take on the obligations to enhance the Alamo through its (a) commitment to focus 100% on the day-to-day management and operation of the Alamo, (b) commitment to statewide fundraising and marketing of the Alamo Plan, and (c) continued hiring of all necessary staff, consultants, designers, planners, and contractors necessary to fulfill the provisions of the Alamo Plan.

The Texas 88th General Appropriation Act provided \$400 million to implement the Master Plan for the Alamo and Alamo Complex and to preserve, maintain, and operate them.

¹ Texas Natural Resource Code, Title 2, Subtitle C, Chapter 31, Subchapter I – The Alamo Complex; Section 31.451(a)



Table of Contents

Overall Conclusion	1
Management’s Summary Response	2
Acknowledgments.....	2
Background Information	3
Detailed Results	5
<i>Chapter 1: Ensure the Alamo Procurement Process is Documented</i>	5
<i>Chapter 2: Ensure Conflict-of-Interest Reviews are Completed</i>	7
<i>Chapter 3: Ensure Adequate Oversight of Alamo Construction Activities</i>	9
Appendix	11
A. Objective, Scope & Methodology.....	11





Detailed Results

Chapter 1

Ensure the Alamo Procurement Process is Documented

ATI did not have a documented process for procuring vendors and services related to the Alamo Plan in accordance with the Amended and Restated Management Service Contract² with the GLO. During the audit, requests for supporting documentation for the selection and procurement of sampled contracted vendors were incomplete or unavailable, including a documented procurement process (policies and procedures). Only a verbal account of the procurement process could be provided upon request.

Section 3.23 states, “In selecting third-party vendors, Provider shall use prudent purchasing procedures, establishing and employing objective selection criteria, and checking references prior to awarding any contracts.”

With a documented process for procuring vendors, assurance of a consistent and prudent process for selecting vendors and procuring services could be consistently applied and followed.

Recommendation

ATI Management should document a procurement process for selecting contractors in accordance with the contract. This includes documenting prudent purchasing procedures, establishing and employing objective selection criteria, and checking references before awarding contracts.

Management’s Response

ATI understands that a more formal Alamo Plan procurement process should be documented for the selection of vendors performing services for the Alamo Plan. As a non-profit organization, ATI follows best practices for prudent purchasing and contract procurement. ATI has established a written Alamo Plan Procurement Process to document the procedure for the selection of vendors performing services for the Alamo Plan. This process includes employing objective selection criteria, checking references prior to awarding any contracts, and conducting a GLO third-party vendor conflict-of-interest review, when applicable. The Alamo Plan Procurement Process will be shared with all pertinent Alamo Plan management staff as a reminder to comply with this initiative.

² GLO Contract No. 19-368-000-B952, Section 3.23.



Responsible Parties: *Alamo Trust, Inc., Managing Director of the Alamo Plan*

Anticipated Implementation Date: *October 1, 2024*



Chapter 2

Ensure Conflict-of-Interest Reviews are Completed

The Amended and Restated Management Service Contract³ between the GLO and ATI requires that conflict of interest reviews be conducted on contracts before their execution. Specifically, the contract states:

"Prior to the execution of any contracts in excess of \$10,000, Provider shall provide the third-party's information to the GLO so a conflict-of-interest review shall be conducted by the GLO. The GLO shall complete the review within 5 business days after the request, or the request shall be deemed approved."

ATI has not submitted conflict-of-interest requests to the GLO, nor has the GLO inquired of ATI for information regarding executed contracts to conduct the reviews. Per ATI, third-party information has been provided to the GLO via weekly meetings, emails, and verbal conversations; however, there is no documentation of a formal notification or a request in adherence with contractual requirements.

By not conducting consistent conflict-of-interest reviews, parties may enter contracts with vendors with whom they have a perceived or actual conflict, which could negatively affect the Alamo.

Recommendations

Alamo Trust Inc.:

1. ATI should ensure that the third party's information is provided to the GLO prior to the execution of any contracts exceeding \$10,000 for the completion of a conflict-of-interest review.

GLO General Counsel:

2. The GLO should complete the conflict-of-interest review within five (5) business days in accordance with the contract agreement.

Management's Response

ATI General Counsel has already worked with the GLO Office of General Counsel to better understand the GLO's conflict-of-interest review process and establish the third-party vendor information needed for GLO

³ GLO Contract No. 19-368-000-B952, Section 3.11 (h)



to conduct the vendor conflict-of-interest reviews prior to the awarding of contracts (exceeding \$10,000). ATI will inform all staff of this compliance initiative.

Responsible Parties: *Alamo Trust, Inc., General Counsel and Texas General Land Office, Office of General Counsel*

Anticipated Implementation Date: *October 1, 2024*



Chapter 3

Ensure Adequate Oversight of Alamo Construction Activities

The GLO currently has dedicated personnel to conduct administrative and project management activities associated with the Alamo Complex. These activities consist of reviewing invoice reimbursement requests in accordance with the contract and restoration activities for the Church, landscape, and Long Barrack. However, there is no dedicated in-house expertise solely to provide construction management oversight activities for the Alamo Complex on behalf of the GLO.

Without dedicated personnel with construction expertise, the GLO may not be able to provide adequate oversight of the construction projects. Having dedicated personnel with construction knowledge and experience may allow the agency to benefit from the following regarding the Alamo Master Plan construction activities:

- Improved project oversight and quality control.
- Enhanced ability to identify and address construction-related risks.
- Streamlined communication with stakeholders.
- Collaborative decision-making and guidance on technical aspects of construction activities.
- Enhanced level of oversight and assurance that construction work is complete and meets quality standards before reimbursements are issued.

Overall, having dedicated personnel with construction knowledge and experience would strengthen the agency's ability to oversee and manage Alamo Complex construction activities effectively and achieve desired project outcomes with expected deliverables.

Recommendation

GLO management should consider adding GLO personnel with specialized construction expertise to assist in providing oversight and advice for the completion, quality, and accuracy of construction activities conducted at the Alamo complex and ensure that deliverables and services are managed and completed effectively.

Management's Response

GLO Management agrees that a GLO staff member with specialized construction expertise should be hired to join the Alamo Plan team in San Antonio. GLO currently receives regular updates and progress reports on ongoing construction activities at the Alamo Complex from ATI and its project management



firm, MGAC. Both have many experienced employees (general contractors, architects, engineers, etc.) overseeing the different construction components of the Alamo Plan. Additionally, GLO's Heritage and Financial Management staff are extensively involved in managing and overseeing certain aspects of the Alamo Plan. However, having a GLO staff person with specialized construction experience, preferably with historical structures and museums, would improve oversight and help ensure deliverables and services are managed and completed effectively so the Alamo Plan remains on schedule.

Responsible Parties: *Chief Clerk and Deputy Land Commissioner, General Land Office*

Anticipated Implementation Date: *January 31, 2025*





Appendix

Objective

Assess the Alamo Trust Incorporated oversight, management, and operation of the Alamo Complex.

Scope & Methodology

The audit scope included ATI's oversight, management, and operations of the Alamo Complex, including activities associated with the Alamo Plaza Master Plan.

The methodology included observing processes, collecting information, performing tests on procedures, and analyzing and evaluating information. A review of the risk-ranked components of ATI services contract was completed, which addressed construction oversight and invoice reimbursement payments.

The audit was conducted in accordance with *Government Auditing Standards* 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. The evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.





Distribution List

Copies of this report have been distributed to the following:

Texas General Land Office & Veterans Land Board

Dawn Buckingham, M.D., Texas Land Commissioner

Jennifer Jones, Chief Clerk and Deputy Land Commissioner

Adrian Piloto, Deputy Chief Clerk

Jeff Gordon, General Counsel

Mark Lambert, Senior Deputy Director, Heritage

David Repp, Senior Deputy Director, Chief Financial Officer

Alamo Trust, Incorporated

Kate Rogers, Executive Director, Alamo Trust, Inc.

Lisa Tapp, Chief Financial Officer, Alamo Trust, Inc.

Governor's Office of Budget and Planning

Legislative Budget Board

Texas State Auditor's Office

To report fraud, waste, or abuse to the General Land Office and Veterans Land Board, call anonymously at 1-888-GLO-FWOA (1-888-456-3962), email at reportfraud@glo.texas.gov, or visit online at <https://txglo.my.site.com/CCT/s/> or visit the State Auditor's Office site at: <https://sao.fraud.texas.gov/>

