



A Legislative Summary Document Regarding
**State Office of Risk
Management**

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Prepared for the 78th Legislature
by the State Auditor's Office

January 2003

SAO No. 03-314

This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

State Office of Risk Management

SAO Contact: Valerie Hill
(512) 936-9500

Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

An Audit Report on 19 Agencies' Compliance With Historically Underutilized Business Requirements

(Report No. 01-035, August 2001)

Self-reported information received from the State Office of Risk Management (Office) indicates that the Office did not comply with certain provisions of the Historically Underutilized Business (HUB) regulations identified in the Texas Administrative Code (TAC) and Chapters 111 and 2161 of the Texas Government Code in fiscal year 2000. However, we determined that the Office made a “good-faith effort” to comply with TAC and the Texas Government Code.

Results of Entity Compliance With Historically Underutilized Business (HUB) Requirements - Fiscal Year 2000				
Compliance Requirement				Did the Entity Make a “Good-Faith Effort”? ^b
Planning	Outreach ^a	Reporting	Subcontracting	
No agency HUB rules (Texas Government Code, Section 2161.003)	No material noncompliance	No material noncompliance	No material noncompliance	Yes

^a Most of the agencies had not developed and implemented a mentor protégé program during fiscal year 2000. Of the HUB requirements, the mentor protégé program requirement had the latest effective date (June 2000). The agencies indicated there was not enough time to design and implement the program in the last quarter of the fiscal year.

^b The State Auditor’s Office, in consultation with the General Services Commission, determined that an entity did not make a “good-faith effort” if it had noncompliance in at least three of the four basic HUB areas: planning, outreach, reporting, and subcontracting. (The General Services Commission was abolished effective September 1, 2001, and the newly created Texas Building and Procurement Commission subsequently assumed most of its responsibilities.)

Status of Corrective Action: In December 2002, the Office reported that it had implemented corrective action on both areas of noncompliance. This information has not been audited.

Most Recent Performance Measure Certification

Fiscal Year 1998–Fiscal Year 2003

The results of *An Audit on Performance Measures at 11 State Agencies–Phase 13* (Report No. 00-030, May 2000) for this entity are summarized below.

Period	Goal/Strategy		Measure	Certification Results
1999 ^a	A	Manage Risk and Administer Claims	Incident rate of injuries and illnesses per 100 covered full-time employees	Certified with Qualification
1999 ^a	A	Manage Risk and Administer Claims	Cost of workers’ compensation per covered employee	Certified with Qualification
1999 ^a	A.1.1	Risk Management Program	Number of risk management program reviews conducted	Certified with Qualification
1999 ^a	A.2.1	Pay Workers’ Compensation	Average cost to administer claim	Certified with Qualification
1999 ^a	A.2.1	Pay Workers’ Compensation	Number of indemnity bills paid	Certified with Qualification
Total Measures Certified Without Qualification^b				0/5 (0%)
Data Reliability Percentage (Certified and Certified with Qualification)				5/5 (100%)

^a This measure appeared officially in the General Appropriations Act for fiscal years 2000-2001. However, the State Auditor’s Office audited the measure in 1999.

^b The percentage of unqualified certifications is presented because it is used in determining an entity’s eligibility for performance rewards established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].

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Category	Definition
Certified	Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevented Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/-5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.

Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)			
	2000	2001	2002
In-State Travel	\$ 85,052	\$ 84,186	\$ 116,503
Out-of-State Travel	0	1,373	1,571
Foreign Travel	0	0	0
Other Travel Costs	(184)	142	99
Total Travel Expenditures	\$ 84,868	\$ 85,701	\$ 118,173
Limit on Travel Expenditures (Cap)	101,045	101,045	0 ^a
Expenditures in Excess of Cap	\$ 0	\$ 0	\$ 1,571^b

^a Caps apply to total travel in appropriation years 2000 and 2001, but caps apply only to out-of-state travel and foreign travel in appropriation year 2002. Caps, calculated by the Comptroller of Public Accounts, have been adjusted for any increases requested by the Office and approved by the Legislative Budget Board in accordance with the General Appropriations Act.

^b The excess expenditures may be reduced or eliminated because the Office is working with the Comptroller of Public Accounts to identify the correct cap amount for appropriation year 2002, in accordance with Article IX, Sec 5.09 of the General Appropriations Act, 76th Legislature.

Source: Uniform Statewide Accounting System (USAS) as of November 30, 2002. Amounts are subject to change as agencies continue to record additional expenditures or adjustments.