



A Contracting Audit of the **Texas Division of Emergency Management**

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Executive Summary

Purpose and Scope

The objectives of the Texas Division of Emergency Management (Division) contracting audit were to determine whether the Division:

- Solicited, awarded and managed procurements according to applicable state laws and Comptroller requirements.
- Acquired goods and services in an effective and efficient manner.
- Processed contract payments according to applicable contract terms, state laws, Comptroller requirements and statewide financial systems guidelines.
- Maintained documentation to support the procurement and contracting activities, and related payments.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period from Sept. 1, 2022, through Aug. 31, 2023.

Background

In 2019, the 86th Texas Legislature passed legislation transferring the Texas Division of Emergency Management (TDEM) from the Department of Public Safety to the Texas A&M University System. TDEM coordinates the state emergency management program, which is intended to ensure the state, and its local governments respond to and recover from emergencies and disasters and to implement plans and programs to help prevent or lessen the impact of emergencies and disasters. TDEM implements programs to increase public awareness about threats and hazards, coordinates emergency planning, provides an extensive array of specialized training for emergency responders and local officials, and administers disaster recovery and hazard mitigation programs in the state of Texas.

Texas Division of Emergency Management website
<https://tdem.texas.gov/>

Contract Transactions

Auditors reviewed a sample of four contracts totaling \$626,868,655 and developed a representative sample of 15 contract payments totaling \$16,262,431.20 to ensure the Division complied with the General Appropriations Act (GAA), the Texas Division of Emergency Management Procurement Manual, the Texas A&M University System Contract Management Handbook, eXpendit (FPP I.005), and pertinent statutes.



Audit Results

The Division complied with the GAA, the Texas Division of Emergency Management Procurement Manual, the Texas A&M University System Contract Management Handbook, relevant statutes and Comptroller requirements. An overview of audit results is presented in the following table.

Table Summary

Contract	Amount	Type of Service	Procurement Cycle					Rating
			Planning	Procurement Method Determination	Vendor Selection	Contract Formation/Award	Contract Management	
Contract A	\$57,668,213	Intake and Processing Center	No exceptions	No exceptions	No exceptions	No exceptions	No exceptions	Fully Compliant
Contract B	\$16,080,400	Lighttower Rental	No exceptions	No exceptions	No exceptions	No exceptions	No exceptions	Fully Compliant
Contract C	\$544,816.42	Equipment Rental	No exceptions	No exceptions	No exceptions	No exceptions	No exceptions	Fully Compliant
Contract D	\$8,304,000	TDEM Warehouse	No exceptions	No exceptions	No exceptions	No exceptions	No exceptions	Fully Compliant



Appendices

Appendix 1 — Objectives, Scope, Methodology, Authority and Team

Audit Objective

The objective of this audit was to ensure contracting processes and payments comply with state laws and regulations.

Audit Scope

Auditors reviewed four contracts awarded by the Texas Division of Emergency Management (Division) that were processed through the statewide financial systems from Sept. 1, 2022, through Aug. 31, 2023, to determine compliance with applicable state laws.

The Division received an audit report letter. Copies of the letter may be requested through a Public Information Act inquiry.

Texas law requires the Texas Comptroller of Public Accounts (Comptroller's office) to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.

The audit provides a reasonable basis for the findings set forth in this report. The Division should implement the recommendation made in the Detailed Findings section of this report, if applicable. It is the Division's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Comptroller's office may take the actions set forth in Texas Government Code, Section 403.071(h), to ensure the Division's documents comply in the future.

Audit Methodology

The Expenditure Audit section uses limited sampling to conduct a contract audit, and relies on professional judgment to select areas the auditor considers high-risk.

Fieldwork

Each auditor in the Expenditure Audit section approaches each audit with an appropriate level of professional skepticism based on the results of the initial planning procedures.

If an auditor suspects during an audit that fraud, defalcation or intentional misstatement of the facts has occurred, the auditor will meet with his or her supervisor, the Statewide Fiscal Oversight manager, or both, to decide what action or additional procedures would be appropriate.



Audit Authority

State law prohibits the Comptroller's office from paying a claim against a state agency unless the Comptroller's office audits the corresponding voucher.

- Texas Government Code, Sections 403.071(a), 403.078, 2103.004(a)(3).

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher.

- Texas Government Code, Section 403.071(g)-(h).

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis.

- Texas Government Code, Sections 403.011(a)(13), 403.079, 2155.324.

Audit Team

Anna Calzada, CTCD, CTCM, Lead Auditor

Amanda Price, CFE, CTCD, CTCM, Auditor

Scottie Compton, CTCD, CTCM, Auditor

Appendix 2 — Definition of Ratings

Compliance Areas

Definition	Rating
Agency complied with applicable state requirements and no significant control issues existed.	Fully Compliant
Agency generally complied with applicable state requirements; however, control issues existed that impact the agency's compliance, or minor compliance issues existed.	Compliant, Findings Issued
Agency failed to comply with applicable state requirements.	Noncompliant
Restrictions impaired auditor's ability to obtain sufficient evidence to complete all aspects of the audit process. Causes of restriction include but are not limited to: <ul style="list-style-type: none">• Lack of appropriate and sufficient evidentiary matter.• Restrictions on information provided to auditor.• Destruction of records.	Scope Limitation