



# A Legislative Summary Document Regarding Railroad Commission

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

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*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.*

# Railroad Commission

SAO Contact: Julie Ivie  
(512) 936-9500

## Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

### *A Review of Implementation of Sunset Advisory Commission Management Actions at 13 State Agencies*

(Report No. 02-067, August 2002)

The Railroad Commission partially implemented three of four management actions. The remaining management action was fully implemented.

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

(Report No. 01-035, August 2001)

Self-reported information received from the Railroad Commission (Commission) indicates that the Commission 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 Commission 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”? <sup>b</sup>
Planning	Outreach <sup>a</sup>	Reporting	Subcontracting	
No agency HUB rules (Texas Government Code, Section 2161.003)	Did not sponsor HUB forums (Texas Administrative Code, Section 111.27)	No material noncompliance	No material noncompliance	Yes

<sup>a</sup> 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.

<sup>b</sup> 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 Commission reported that it had implemented corrective action on all three areas of noncompliance. This information has not been audited.

## Quality Assurance Team Reviews

Conducted by the Legislative Budget Board and State Auditor’s Office

### *Ongoing Projects*

### *Quality Assurance Team Annual Report – January 2003*

*Electronic Compliance and Approval Process (ECAP)* — In September 1999, the Railroad Commission began its project to automate all compliance processes for the oil and gas industry. *The Commission reports that current expenditures are \$3,116,348. (This information supplements the QAT Annual Report.)*

# Railroad Commission

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Project	Function	Initial Budget	Current Budget	Budget Change	Initial End Date	Current End Date	Time Change
ECAP	Automate compliance processes	\$3,429,280	\$5,467,191	\$2,037,911	08/31/05	08/31/05	None

## Information System Vulnerability Assessments

The State Auditor's Office (SAO) and/or the Department of Information Resources performed one or more information system vulnerability assessments at the Railroad Commission between January 2000 and November 2002. Detailed results of this work are confidential under Texas Government Code, Section 2054.077(c). The SAO's Legislative Summary Document titled "Information System Vulnerability Assessments" provides general information about the results of information system vulnerability assessments.

## Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)			
	2000	2001	2002
In-State Travel	\$ 321,448	\$ 307,619	\$ 329,106
Out-of-State Travel	55,161	72,206	59,764
Foreign Travel	0	0	0
Other Travel Costs	(2,513)	0	877
<b>Total Travel Expenditures</b>	<b>\$ 374,097</b>	<b>\$ 379,825</b>	<b>\$ 389,748</b>
Limit on Travel Expenditures (Cap)	468,079	468,079	77,644 <sup>a</sup>
<b>Expenditures in Excess of Cap</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

<sup>a</sup> 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 Commission and approved by the Legislative Budget Board in accordance with the General Appropriations Act.

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.