



OFFICE OF THE STATE AUDITOR

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AUSTIN, TEXAS 78701

LAWRENCE F. ALWIN, CPA
State Auditor

August 27, 1999

Subject: Contract Workforce
Reporting Requirements
Article IX, Section 11.18

Dear Chief Fiscal Officer:

There is considerable legislative interest in the size and makeup of the State's contract workforce, but current statewide databases do not contain enough of this information to help the Legislature make contract workforce decisions. Two new reporting requirements for state agencies and institutions of higher education will provide legislative leaders with useful information about the State's contract workforce. The new requirements are (1) annually report contract workforce information to the State Auditor's Office (SAO) and (2) use the Uniform Statewide Accounting System (USAS) 30 Contract Profile for workforce contracts or report the first year using the entity's internal automated system.

Agency and higher education managers will also benefit from these new requirements. By reporting annually to the SAO, entity managers will be complying with Article IX, Section 11.18 of the General Appropriations Act (76th Legislature). By using the 30 Contract Profile, managers will have an automated tool to help track and monitor their contract workforce.

The SAO will review and analyze all of the reported information to identify agencies and institutions that may need audit work and/or technical assistance. The information reported to the SAO annually will be summarized in a report to the Legislative Audit Committee. The information may also be used as part of the legislative interim committees' review of each entity's budget.

Information on Entities' Contract Workforce Should Be Reported Annually

Section 11.18, Article IX, General Appropriations Act (76th Legislature), requires state entities to report certain information about how they manage their contract workforce to the SAO. The deadline is December 1 of each year, beginning December 1, 1999. To help state entities comply; the SAO has placed a Contract Workforce Survey and automated response form on its website (www.sao.state.tx.us/contractwkfc-f.html). To access this survey, please contact Bill Hastings at (512) 479-4700.

The survey asks for information about the management, size, and nature of your contract workforce. The SAO will summarize the responses in a report to the Legislative Audit Committee.

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Tracking Through USAS 30 Contract Profile Is Encouraged in Fiscal Year 2000 and Required for Fiscal Year 2001 Workforce Contracts

Effective September 1, 1999, agencies and institutions are required to use either the USAS 30 Contract Profile or their internal systems to track information on their workforce contracts of \$10,000 or more. Agencies have until September 10, 1999, to make this change but should provide a supplemental report to the SAO or make adjusting entries for contract workforce expenditures recorded between September 1st and 10th. A contract is a workforce contract if its expenditures fall in one of the 25 USAS object codes listed in the attachment to this letter. A contract workforce includes:

- **Temporary workers supplied by staffing companies:** Individuals who are employed by a private "temp" company and are assigned, usually for a specified period of time, to particular and various clients
- **Independent contractors:** Individuals who have contracted directly with a state entity
- **Contract company workers:** Individuals who work for a contract company and who, like temporary workers, are assigned to particular and various clients
- **Consultants:** Individuals who provide a certain type of informational expertise to a client

By September 30, 1999, agencies and institutions should enter all carryover workforce contracts that are active as of September 1, 1999, into the USAS 30 profile. The outstanding budget amount should be entered for all carryover workforce contracts. A carryover contract is one with expenditures in a prior fiscal year that will have ongoing expenditures in the current year. All workforce contracts beginning on or after September 1, 1999, should be set up in the USAS 30 Profile by September 10, 1999, or the first time a payment is made on the contract. Entities that elect to report this information using their automated system should provide the same information on carryover and new contracts to the SAO at the end of each quarter. (See the attachment for detailed instructions on how to use the 30 Contract Profile.)

We are forming a work group to address issues related to use of the USAS 30 Contract Profile, future agency reporting/tracking requirements, and system changes. If you are interested in participating in this work group please contact Bill Hastings (bhastings@sao.state.tx.us) or me, Mike Mericle (mmericle@sao.state.tx.us). You can also reach us by calling (512) 479-4700.

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We appreciate your cooperation and input. Copies of this letter have been provided to executive directors, university presidents, human resource directors, and internal audit directors.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Mericle". The signature is written in a cursive, flowing style.

Mike Mericle
Assistant Classification Officer

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Attachment

Instructions for Using the USAS 30 Contract Profile

Effective September 1, 1999, agencies and institutions are required to use either the USAS 30 Contract Profile or internal systems to track information on their workforce contracts of \$10,000 or more. By September 30, 1999, entities should have entered carryover workforce contracts for \$10,000 or more that will be active in fiscal year 2000 and later. Workforce contracts are those with expenditures that are billed to one of the USAS object codes listed in Table 1. However, agencies and institutions may choose to enter all contracts, not just workforce contracts, in the 30 Contract Profile.

When entering workforce contracts into the 30 Contract Profile, entities should remember to:

- Enter the outstanding unspent contract amount in the budget field for active carryover contracts by September 30, 1999.
- By September 10, 1999, set up all workforce contracts that begin on or after September 1, 1999, or the first time a payment is made on the contract. Provide a supplemental report to the SAO for applicable transactions from September 1st through 10th or make adjusting entries to ensure these expenditures are picked up in the profile.
- Avoid overstating expenditures for the State's contract workforce by using separate object codes for equipment/supplies and labor if a contract includes both. For example, if a contract includes expenditures for medical labor and supplies, allocate the expenditures appropriately between two USAS object codes: Medical Services and Medical Supplies.
- Enter the contract number for all contract workforce related transactions associated with workforce contracts of \$10,000 or more. The contract number must be manually entered on each transaction. Note: USAS does not currently prompt users to include the contract number on a transaction. However, the State Auditor's Office will run queries to compare amounts entered in USAS to those in the 30 Contract Profile.

The 30 Contract Profile will allow tracking of vendor contracts by contract number. The Profile can also facilitate the tracking of payments made to vendors for specific contracts.

Table 1

| USAS Workforce Object Codes | |
|------------------------------------|--|
| Object No. | Title/Description |
| 7238 | Foreign Office Activities |
| 7239 | Consultant Services – Approved by Governor |
| 7240 | Consultant Services – Other |
| 7242 | Consultant Services – Computer |
| 7243 | Educational/Training Services |
| 7245 | Financial And Accounting Services |
| 7246 | Legal Services |
| 7247 | Hearings Officers, Pre-Approved by the State Office of Administrative Hearings |
| 7248 | Medical Services |
| 7249 | Veterinary Services |
| 7252 | Lecturers – Higher Education |

Table 1

| USAS Workforce Object Codes | |
|------------------------------------|--|
| Object No. | Title/Description |
| 7253 | Other Professional Services |
| 7255 | Investment Counseling Services |
| 7256 | Architectural/Engineering Services |
| 7257 | Legal Services – Approved by the State Office of Administrative Hearings |
| 7258 | Legal Services – Not Requiring Approval |
| 7259 | Race Track Officials |
| 7262 | Maintenance and Repair Computer Software |
| 7267 | Maintenance and Repair Computer Equipment |
| 7274 | Temporary Employment Agencies |
| 7275 | Computer Programming Services |
| 7277 | Cleaning Services |
| 7280 | Client Worker Services |
| 7284 | Data Processing Services |
| 7299 | Purchased Contracted Services |

Table 2 (on the next page) contains instructions for some of the more significant fields in the 30 Contract Profile. Other optional fields are available. These fields are explained in system documentation maintained by the Comptroller of Public Accounts.

Table 2

| Completing Fields in the 30 Contract Profile | |
|---|--|
| Field | Instructions |
| ACTION | Enter a one-character action code. Valid values are: A – Add a new record C – Change an existing record D – Delete an existing record N – Next (call next record) R – Recall |
| AGENCY | Enter the three-digit agency number. |
| CONTRACT NO. | Enter the contract number up to 10 digits. |
| OUTSOURCED? Y/N (Note: This required field will be available September 1, 1999) | Enter a one-character service type code. Valid values are: Y - Yes N - No This field is used to differentiate between outsourced and non-outsourced activities. Outsourcing is the strategic use of outside resources rather than state employees to perform the services of an entire facility, department, or an ongoing function. Generally, to be considered outsourced, contract workers must perform an entire function or functions such as the accounting, internal audit, or human resource functions. However, there are exceptions, especially for agencies and institutions with several components. For example, one prison within the Department of Criminal Justice contracts out its entire foodservice function. In another unit, state employees provide this service. In this example, the Department of Criminal Justice has both outsourced and non-outsourced foodservice functions. The contract for outsourced foodservice functions would be coded "Y." Non-outsourced functions involve the occasional use of outside resources to support or supplement an agency's existing workforce in special work situations (i.e., employee absences, temporary skill shortages, periods of peak workload, and special assignments). These services should be coded "N." |
| DESCRIP | Enter a complete description of the contract (up to 260 characters). Adequately completing this field for each contract is critical to the success of the Profile as a useful source of information. Do not use abbreviations that may be unfamiliar to persons outside the agency without explaining their meaning. Be brief but informative. Examples of adequate descriptions include: <ul style="list-style-type: none"> ◆ Design new automated collections system (ACS). ◆ Yearly cleaning contract for administration building. ◆ Advise suitable locations for well plugging. ◆ One-year contract to manage half of long-term investment portfolio. ◆ Defend agency in workers' compensation suit. ◆ One-year contract to program automation change request orders for USAS. |
| VENDOR NO and MC | Enter the 11-digit Vendor Number and the 3-digit Vendor Mail Code that identifies each vendor by a unique number. The Vendor Mail Code identifies multiple mailing addresses for a single vendor. Must be a valid vendor number and mail code. |
| NAME | Entry not allowed. The vendor name (up to 40 characters) will be looked up in the TINS Vendor File. |
| CONTRACT AMT | Enter the Total Contract Amount (up to 14 characters: 11 digits plus a decimal and 2 digits). |
| BUDGET AMOUNT | Enter the Budget Amount (up to 14 characters: 11 digits plus a decimal and 2 digits). The budget amount should either be the same as the contract amount or, in the case of carryover contacts, the outstanding unspent contract amount as of the first day of the fiscal year. |
| EFF START | Enter the 8-digit effective start date (MMDDYYYY) that identifies when the Contract Number Code becomes effective. Leaving this field blank will cause the code to become immediately available for system processing by defaulting. |
| LAST PROC | This date will default to the last date (MMDDYYYY) that any modification (Add or Change) was made to the screen. |

Instructions for Entities That Postpone Use of the USAS 30 Profile

If entities elect to wait until September 1, 2000, to begin using the USAS 30 Profile they will need to provide the same information from their internal automated systems that would have been captured had the Profile been used. The data should be provided to the State Auditor's Office within 30 days following the end of each quarter. Entities should provide expenditures at the comptroller object, vendor, and contract number level. The data should be provided in an Excel, Lotus 1-2-3, dBase, Access, or text file format or, if a mainframe file, in a non-compressed EBCDIC file format. Entities should use the following file layout and character length.

Table 3

| Spreadsheet or File Layout | | | |
|----------------------------|-------------------------|--------------|--|
| Field Name | Field Type ¹ | Field Length | Instructions |
| AGENCY | N | 3 | The three-digit agency number. |
| CONTRACT NO. | C | 25 | The agency assigned contract number. |
| OUTSOURCED? Y/N | C | 1 | <p>Valid values are: Y Yes N - No</p> <p>This field is used to differentiate between outsourced and non-outsourced activities.</p> <p>Outsourcing is the strategic use of outside resources rather than state employees to perform the services of an entire facility, department, or an ongoing function. Generally, to be considered outsourced, contract workers must perform an entire function or functions such as the accounting, internal audit, or human resource functions. However, there are exceptions, especially for agencies and institutions with several components. For example, one prison within the Department of Criminal Justice contracts out its entire foodservice function. In another unit, state employees provide this service. In this example, the Department of Criminal Justice has both outsourced and non-outsourced foodservice functions. The contract for outsourced foodservice functions would be coded "Y."</p> <p>Non-outsourced functions involve the occasional use of outside resources to support or supplement an agency's existing workforce in special work situations (i.e., employee absences, temporary skill shortages, periods of peak workload, and special assignments). These services should be coded "N."</p> |

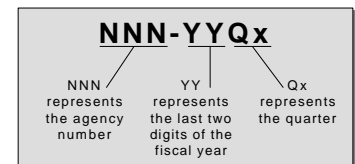
Table 3

| Spreadsheet or File Layout | | | |
|----------------------------|-------------------------|--------------|--|
| Field Name | Field Type ¹ | Field Length | Instructions |
| DESCRIP | C | 260 | Enter a complete description of the contract. Adequately completing this field for each contract is critical to the success of the Profile as a useful source of information. Do not use abbreviations that may be unfamiliar to persons outside the agency without explaining their meaning. Be brief but informative. Examples of adequate descriptions include: <ul style="list-style-type: none"> • Design new automated collections system "ACS". • Yearly cleaning contract for administration building. • Advise suitable locations for well plugging. • One-year contract to manage half of long term investment portfolio. • Defend agency in workers' compensation suit. • One year contract to program automation change request orders for USAS. |
| VENDOR NO and MC | C | 14 | Enter the 11-digit Vendor Number and the 3-digit Vendor Mail Code that identifies each vendor by a unique number. The Vendor Mail Code identifies multiple mailing addresses for a single vendor. |
| NAME | C | 40 | The vendor name (up to 40 characters) from the TINS Vendor File. |
| CONTRACT AMOUNT | N | 14 | The Total Contract Amount (up to 14 characters: 11 digits plus a decimal and two more digits). |
| BUDGET AMOUNT | N | 14 | The Budget Amount (up to 14 characters: 11 digits plus a decimal and 2 digits). The budget amount should either be the same as the contract amount or, in the case of carryover contracts, the outstanding unspent contract amount as of the first day of the fiscal year. |
| EFF START | Date | 8 | Effective start date (MMDDYYYY), that identifies when the Contract Number Code becomes effective. |
| * QUARTER END | Date | 8 | The quarter ending date (MMDDYYYY) for the reporting period. Possible values are 11/30/1999, 02/29/2000, 05/31/2000, and 08/31/2000. |
| * COMP OBJECT | N | 4 | The four digit Comptroller object code from the twenty-five contract workforce related codes listed in Attachment 1. |
| * EXPENDITURES | N | 14 | The fiscal year to date expenditures charged against the contract by Comptroller object code. (up to 14 characters: 11 digits plus a decimal and two more digits) |

¹ C = Character N = Numeric

- Repeat above three fields (Quarter end, Comp Object, and Expenditures) as necessary for contracts with multiple Comptroller object codes.

NNN-YYQx where NNN is the agency number, YY is the last Qx is the quarter number. For example, 308-00Q1 would be the name of the data file for the



Example: **308-00Q1**
Agency 308, Fiscal Year 2000, 1st Quarter

For PC files we can accept the data via FTP, on diskette, CD-ROM, or as an e-mail attachment. For mainframe files we can accept the data via FTP or magnetic cartridge.

A private FTP location has been set up on the SAO web server to receive quarterly data files submitted by entities to the SAO. To access the site and FTP the data, perform the following steps:

1. Gain access to the default FTP site: www.sao.state.tx.us.
2. Change directories to: contract
3. When prompted for a user ID type in: txagency
4. When prompted for a password type in: txcwf

Email up to 10 MB of data to the following address: contractwf@sao.state.tx.us.

Magnetic cartridges, diskettes, and CDs may be mailed to the following address:

State Auditor's Office
P.O. Box 12067
Austin, TX 78711
Attention: Workforce Data Coordinator