From: Sunset Advisory Commission
To: Jalisa Broussard
Subject: FW: TWC Sunset Review Public Comment
Date: Wednesday, July 1, 2026 8:04:43 AM

From: Mitzi Stolarski < >
Sent: Tuesday, June 30, 2026 5:36 PM
To: Sunset Advisory Commission <sunset@sunset.texas.gov>
Subject: TWC Sunset Review Public Comment

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Please submit this thread to the public comments records for the Texas Workforce Commission Sunset Review.

I'd also like to schedule a day and time to testify.

Mitzi Stolarski

---------- Forwarded message ---------
From: **Mitzi Stolarski** < >
Date: Tue, Jun 30, 2026 at 12:50 PM
Subject: Re: Retaliatory termination used to conceal documented governance failures — demand for investigation and correction
To: Trobman,Les <les.trobman@twc.texas.gov>
Cc: robert.black@gov.texas.gov <robert.black@gov.texas.gov>, auditor@sao.texas.gov <auditor@sao.texas.gov>, Esparza,Joe <joe.esparza@twc.texas.gov>, Trevino III,Alberto <alberto.trevino@twc.texas.gov>, Connett,Brent <brent.connett@twc.texas.gov>, Pier,Steve <steve.pier@twc.texas.gov>, eric.beverly@sunset.texas.gov <eric.beverly@sunset.texas.gov>, picc@traviscountytx.gov <picc@traviscountytx.gov>, oig@twc.texas.gov <oig@twc.texas.gov>, pat.curry@house.texas.gov <pat.curry@house.texas.gov>, White,Jerry R <jerry.white@twc.texas.gov>

I am writing so that the record — and the other recipients of this correspondence — accurately reflects the scope of what was submitted on June 25. These go far beyond an employment dispute and EEOC matters, **they involve matters of public concern** and reflect systemic issues occurring within the Texas Workforce Commission, demonstrating failures in governance, controls, due process, labor law and PIA adherence, and basic human decency and civil rights.

I will begin with a point that responds directly to your characterization. You state that the agency will "continue to participate" in the active charge before the Equal Employment Opportunity Commission (EEOC). For the benefit of the authorities copied here: **the charging party agreed to resolve this dispute through mediation offered by the EEOC** — a brief, low-cost process designed for efficient resolution — and the **Texas Workforce Commission declined to mediate**.

Declining an available, low-cost resolution in favor of prolonged proceedings is a **wasteful** use of public resources: the agency has committed the State's legal resources and Texas taxpayer funds that mediation could have resolved at minimal expense.

The agency's refusal is especially notable because the Texas Workforce Commission, through its Civil Rights Division, operates and actively promotes a free mediation program. In its own materials, the agency advises employers that mediation offers "a quick, private, and cost-effective way to resolve workplace issues" and can "solve your case much faster than waiting for an investigation." The agency urges this resolution on the employers whose discrimination complaints it handles — yet, when it was itself the employer and mediation was offered, it declined.

Your response treats this as just a matter before the EEOC. The **active** EEOC charge is one part of it. The June 25 communication raised a broader set of governance, accountability, and rights-based concerns that fall outside the EEOC's jurisdiction — several of which were independently confirmed last month by the staff review of this agency conducted by the Sunset Advisory Commission, the body the Legislature charges with evaluating state agencies.

That confirmation bears directly on why these matters extend beyond an employment charge. Before his termination, Mr. Stolarski reported irregularities in the agency's information-technology (IT) contracting and hiring to the agency's own fraud-detection function. The Sunset staff review then found that the agency's IT modernization is so poorly governed that it "compromises the effective delivery of workforce and child care services to Texans"; that the agency's own Fraud Deterrence and Compliance Monitoring Division was "entirely omitted from the agency's formal procurement processes"; and that the agency's contract specifications were kept "deliberately vague." An independent state body has now documented the substance of what Mr. Stolarski reported before he was removed.

The Sunset staff review also described the institutional condition Mr. Stolarski was working against. It found that "transformative changes have stalled, and the agency has often fallen back on a reactionary, business-as-usual mindset," and that, lacking an agencywide IT strategic plan, "the agency is stuck in a reactionary mode." Mr. Stolarski was an employee who identified these very problems and attempted to address them — raising contracting, security, and records concerns through internal channels and to the agency's fraud function. He was terminated.

The IT leadership in place during the period the review describes has largely been retained. An agency that an independent state review found resistant to change removed an employee who was trying to change it, while retaining the leadership in place as those conditions developed.

The matters submitted, which the EEOC has no jurisdiction to resolve, include the following.

1. Failure to follow the agency's own processes, and the mischaracterization of

protected activity. The findings in Mr. Stolarski's pre-termination notice were finalized, submitted to agency leadership, and placed in his personnel file **before he was ever interviewed or asked for his account** — and he was charged based on records of his own email activity while suspended and cut off from the records he would have needed to respond. Among the conduct the notice treated as improper was his logging in during leave, which he did to retrieve and read the results of his own discrimination complaint, **sent only to his work email and otherwise inaccessible to him**. Every action he took during that login was **protected activity**: retrieving his own complaint results, reviewing his own pay records, and reporting a matter to law enforcement. **This reflects a failure of basic administrative process and fair procedure, squarely within the interest of the State Auditor's Office and the Sunset Commission.**

2. An internal-complaint process routed through the officials the complaints concerned. The agency's own June 24, 2025 findings memorandum directed that "an IT manager or director will be assigned to assist with all internal complaints" by Mr. Stolarski. Several of his complaints concerned the conduct and decisions of IT leadership itself, including its handling of his earlier discrimination complaint and its records practices. The agency thus designated the very division that was the subject of his complaints as the channel for handling them. **Sixteen days later**, IT leadership issued his pre-termination notice. Routing an employee's complaints back to the officials those complaints implicate — and then removing the employee through that same chain of leadership — is a **structural conflict of interest** and the absence of any meaningful, impartial internal-complaint process. **This is a governance failure within the interest of the State Auditor's Office and the Sunset Commission.**

3. Interference with rights under the Family and Medical Leave Act (FMLA). On July 10, 2025, Director Thomas Beckley issued the pre-termination notice and placed Mr. Stolarski on suspension while he was on approved FMLA medical leave — a fact the notice itself acknowledges in stating that he "logged in while out on approved leave." This required him to mount a formal defense to a proposed termination during protected medical leave, while medically unable to do so. Interference with the exercise of FMLA rights is a strict-liability violation under federal law (29 U.S.C. § 2615(a)(1)); it does not require proof of intent. The act of burdening protected medical leave in this manner is itself the violation. Director Beckley, who signed both the notice and the subsequent termination, was later **promoted** to Deputy Chief Information Officer after the agency had been informed of these matters. While FMLA enforcement rests with the U.S. Department of Labor, this conduct reflects the same pattern of process and labor-law failures relevant to the State Auditor's Office and the Sunset Commission.

4. Whistleblower retaliation. Mr. Stolarski made reports to law enforcement, which are protected under the Texas Whistleblower Act. The pre-termination notice characterized these reports as "personal communications to multiple outside entities" rather than as the protected reports to law enforcement that they were. His protected activity was nonetheless identified, in the agency's own notice, as a basis for the action against him.

5. Falsification of official labor records charged to federal funds. Hours Mr. Stolarski did not work were entered into the State's official timekeeping system (CAPPS) and then used to support charges in the pre-termination notice, including the allegation that he conducted "personal business on agency time." Before those hours were entered, Mr. Stolarski told

Suzanne Hays — the IT division's Human Resources liaison — in a Microsoft Teams call that he was not working but was attending to his own discrimination complaint and related matters, and he instructed that the time not be recorded as work hours. The hours were entered notwithstanding that instruction, after which he objected again in writing to Ms. Hays and Director Beckley.

I, Mitzi Stolarski, was present for and personally heard that Teams call; I am a direct witness to his statement that he was not working and to his instruction that the hours not be recorded. The agency thus generated the very records on which it then predicated charges against him. **Because the agency operates substantially on federal funds subject to federal time-and-effort requirements, the integrity of these labor records is within the State Auditor's jurisdiction.**

6. Contracting and procurement failures — independently confirmed by the Sunset Advisory Commission's June 2026 staff report, as described above.

7. Transparency and public-information failures. The agency withheld records for 99 days in defiance of a binding Attorney General ruling. The Office of the Attorney General issued Ruling OR2025-034676, which the agency received on September 29, 2025, ordering the release of investigation records. The agency did not produce them until January 6, 2026 — 99 days later — and only after Mr. Stolarski inquired about the status. Throughout that period, the agency's public-records portal reflected the request as still awaiting the Attorney General's response, when the Attorney General had already ruled.

8. Records-destruction exposure. The agency's Microsoft Teams retention policy permanently deletes all Teams messages — one-to-one chats, group chats, and meeting chats — after 30 days, unless an employee manually saves them. Because much of the relevant communication in this matter occurred over Teams, this policy places communications that may constitute state records, that may be responsive to open-records requests, or that are subject to a legal hold, at risk of permanent destruction before they can be identified or preserved.

These matters are properly directed to, and are being pursued through, the appropriate authorities — including the U.S. Department of Labor, the Texas State Auditor's Office, and the Sunset review process — independent of the EEOC proceeding, and they are not resolved by the agency's participation in it.

I also note that the June 25 communication renewed a formal demand for a name-clearing hearing. The **false and stigmatizing** findings in Mr. Stolarski's pre-termination notice were never tested through any process in which he could respond before they were reached. That notice has since been produced by the agency in response to a public-information request and remains in his personnel file, which the Office of the Attorney General has confirmed is publicly accessible. **Mr. Stolarski is entitled to a hearing to clear his name. That demand remains outstanding and unaddressed.** We renew it and ask that the agency respond to it directly.

Taken together, these matters reflect more than an individual employment dispute. They show a pattern: the disregard of the agency's own processes and policies; an internal-complaint process routed through the very officials being complained about; interference with protected medical leave; the use of inaccurate records to support charges; and the mischaracterization of protected activity as misconduct. T**he agency's own June 24, 2025 findings memorandum substantiated that it had mishandled Mr. Stolarski's discrimination complaint, and expressly reminded him that retaliation for filing a complaint was prohibited—sixteen days before it issued the pre-termination notice in retaliation.**

Separately, an individual whose conduct the agency's own findings confirmed was inappropriate received a merit pay increase, reflected in the State's public salary records.

Beyond the specific legal violations, the agency's conduct reflects a basic failure of decency. Mr. Stolarski was in a documented medical crisis, on leave approved by his physician, when the agency notified him that it intended to end his career and required him to defend himself against that action — while he was medically unable to do so, suspended, and cut off from the records he needed to respond. Whatever the legal characterization of each individual act, the decision by a public agency to press a termination against an employee it knew to be medically incapacitated is a matter the public — and those charged with overseeing this agency — are entitled to weigh.

One final point bears on all of the above. When Mr. Stolarski reported discrimination, the agency took more than five months—from his formal complaint in January 2025 to its findings in June 2025—despite having the supporting evidence much earlier. When the agency decided instead to remove him, it investigated and terminated him **within a matter of days** — **shortly before the Sunset Advisory Commission's reviewers were scheduled to arrive at the agency and receive input from its employees.** The contrast between how slowly this agency moved to address misconduct an employee reported, and how quickly it moved to remove the employee who reported it, speaks to where the agency placed its priorities, and is itself a matter warranting examination.

These concerns are documented, and we are prepared to provide supporting materials to any of the above authorities on request. They will be pursued through those channels regardless of the status of the EEOC proceeding.

Sincerely,
Mitzi Stolarski

On Fri, Jun 26, 2026 at 12:39 PM Trobman,Les <les.trobman@twc.texas.gov> wrote:

> Good Afternoon, Ms. Stolarski -
>
> On behalf of TWC, I am providing this communication in order to acknowledge receipt of your June 25th, 2026 email. TWC is cognizant of the pending complaint with the U.S. Equal Employment Opportunity Commission regarding this matter. The agency will continue to participate in that process.
>
> Sincerely,
>
> Les Trobman
> General Counsel
> Texas Workforce Commission
> Office: 512-936-3767

les.trobman@twc.texas.gov

From: Mitzi Stolarski < >
Sent: Thursday, June 25, 2026 1:52 PM
To: robert.black@gov.texas.gov; auditor@sao.texas.gov; Esparza,Joe <joe.esparza@twc.texas.gov>; Trevino III,Alberto <alberto.trevino@twc.texas.gov>; Connett,Brent <brent.connett@twc.texas.gov>; Pier,Steve <steve.pier@twc.texas.gov>; eric.beverly@sunset.texas.gov; picc@traviscountytx.gov
Cc: oig@twc.texas.gov; pat.curry@house.texas.gov; White,Jerry R <jerry.white@twc.texas.gov>; Trobman,Les <les.trobman@twc.texas.gov>
Subject: Retaliatory termination used to conceal documented governance failures — demand for investigation and correction

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FORMAL NOTIFICATION OF MISCONDUCT, ABUSE OF POWER, AND SYSTEMIC GOVERNANCE FAILURES AT THE TEXAS WORKFORCE COMMISSION

This notification is submitted in the exercise of our legal right to report misconduct, abuse of power, retaliation, and violations of law to the responsible authorities. The statements below are accurate and are supported by documentation that we are prepared to provide. They describe both specific unlawful conduct directed at Joseph Stolarski and the broader institutional failures that conduct was used to conceal — failures an independent state review has now publicly confirmed.

Part 1 — The Retaliation and Rights Violations

Joseph Stolarski was railroaded into a termination in order to conceal the governance failures described in Part 2, to retaliate for his validated EEO complaints, and to remove an employee who had reported internal misconduct. In the course of that termination, the agency violated his rights in at least the following respects. Each is factually supported and independently verifiable.

1. FMLA interference. The agency required Mr. Stolarski to defend himself — to perform substantive work — while he was on approved FMLA leave and in a documented medical condition that left him unable to do so properly. Compelling an employee to participate in his own pre-termination defense during protected medical leave, when the agency had been informed he was medically unable to participate, constitutes interference with FMLA rights and is a gross violation of due process as well as basic human decency.

2. Provably false allegations in the pre-termination notice. The pre-termination notice contains allegations that are demonstrably false. The proof of their falsity has already been provided to the Texas Workforce Commission. These are not matters of interpretation;

they are factual assertions that the documentary record contradicts, and the agency is in possession of that contradicting record.

3. Denial of due process — findings finalized and disseminated without ever asking for his side. Mr. Stolarski was never given any opportunity to refute the findings that became the basis of the pre-termination notice *before* those findings were finalized, submitted to agency leadership, and placed in his personnel file. He was not interviewed. He was not asked for his account. He was not shown the findings and invited to respond. The determination was complete before he was ever brought into the process — which means the process was not a process at all, but the documentation of a conclusion already reached. This sequence does more than violate the most basic requirement of pre-deprivation due process; it demonstrates that the agency did not want anything from him that might contradict its predetermined outcome. An agency conducting a genuine inquiry asks the accused for his side before it rules. This agency ruled, then disseminated the ruling, and only afterward — through a notice he was given five business days to answer — created the appearance of an opportunity to respond. The findings it finalized included its mischaracterization of his communication to the University of Texas, despite documentary proof, already in the agency's possession, that he had clearly identified his role in that communication as that of a concerned parent. That proof was never sought before the finding was made, because a finding the evidence would have refuted was the finding the agency wanted.

4. Denial of access to his own defense materials. While charging Mr. Stolarski based on his TWC emails, the agency effectively denied his request — made through counsel — to access that same TWC email account to retrieve the documents he needed to defend himself. The agency thus built its case on records it would not let him see, and then gave him only five business days to respond. Charging an employee using evidence the agency simultaneously withholds from him is a fundamental denial of a meaningful opportunity to be heard.

5. Protected activity recast as misconduct. Other allegations relied upon in the termination concerned legally protected activity. They were taken out of context, mischaracterized, in some instances outright false, and grounded in opinion rather than fact. Despite this, they remain in his personnel file, where they continue to cause reputational and professional harm. Using protected activity — including protected complaints and petitioning — as the basis for adverse action is unlawful retaliation.

The timing is not incidental. These actions were taken against the same employee who had raised the compliance and contracting concerns described below, and they followed closely upon his protected reporting. An agency does not get to manufacture a record against an employee, deny him any chance to rebut it, and then use that record to bury the very problems he reported.

Part 2 — The Governance Failures the Termination Was Used to Conceal

In June 2026, the Sunset Advisory Commission's staff issued an independent review of the Texas Workforce Commission. It found, in the agency's own words, that TWC's "Poorly Executed IT Modernization Efforts Compromise the Effective Delivery of Workforce and Child Care Services to Texans." That review independently confirms the substance of what

Mr. Stolarski reported before he was terminated. The findings below are quoted from that report.

A. IT Contracting — Control Gaps That Create Conditions for Corruption

The report documents an IT procurement process from which the safeguards that prevent and detect contract corruption have been removed. Each item below is a documented control gap — a condition under which contract steering, favoritism, or self-dealing could occur or go undetected. Every quoted phrase is the report's own.

1. Contracts drafted without independent sign-off. Subject-matter experts are listed only as "consulted," which the report calls "a weak designation that allows IT leadership to draft contracts without requiring subject matter expert sign-off or technical buy-in." Unchecked authority over contract drafting is the precondition for steering a contract.

2. The fraud-detection division is excluded from procurement. The report finds that "critical divisions such as I3 and Fraud Detection and Compliance Monitoring (FDCM) are entirely omitted from the agency's formal procurement processes." The unit whose job is detecting fraud has no role in, and no visibility into, how contracts are awarded.

3. Statements of work kept deliberately vague. The report identifies "a deliberate policy decision to maintain vague, high-level statements of work." Vague specifications make vendors difficult to hold accountable and make it easy to justify selecting or retaining a preferred vendor.

4. No make-vs-buy analysis; outsourcing by default. The report finds procurement "defaults to 'off-the-shelf plus customized' systems" without "rigorous analysis," so contractor spend is never tested against the cost of doing the work in-house — removing the paper trail that would reveal unnecessary outsourcing.

5. Vendor lock-in. Once a system is bought, "TWC is trapped by proprietary software that cannot be modified cost effectively," converting one award into long-term dependence on a single vendor and eliminating competitive pressure on all later work.

6. The agency cannot verify what vendors deliver. Technical staff lack data dictionaries and direct vendor contact, so "I3 analysts must guess at data structures." When the buyer cannot independently audit the product, it cannot detect under-delivery or substitution.

7. Incumbent re-awarded without competition. The report notes a contract awarded "to a previous vendor rather than pursuing a competitive or innovative solution" — bypassing the primary safeguard against favoritism in awards.

Taken together: one party can draft contracts with no independent approval; the fraud unit is shut out of the process; the contracts are deliberately vague; spend is never tested against an in-house alternative; vendors gain lock-in; the agency cannot verify what it received; and at least one award skipped competition. These are precisely the controls that exist to prevent and detect contract corruption, and the state's own reviewer found them absent.

B. Additional Governance Failures and Abuse-of-Power Concerns

Beyond contracting, the following systemic failures warrant investigation. Several bear directly on the integrity of federal funds and on the abuse of administrative authority.

– **Falsification of official labor records affecting federal grants.** Work hours Mr. Stolarski did not work were entered into the official CAPPS timekeeping system over his explicit verbal and written objection. I, Mitzi Stolarski, personally witnessed the Teams call from Suzanne Hays in which my husband protested the June 24, 2025 hours being recorded as work hours. I heard the entire conversation. TWC operates substantially on federal funds subject to Uniform Guidance time-and-effort requirements (2 CFR 200.430) and the Single Audit Act. Falsifying labor records compromises federal cost-allocation integrity and creates exposure to questioned costs — a matter squarely within the State Auditor's jurisdiction. These falsified hours were then used to justify his termination for "misusing agency time." The activities the agency held against him were, as a matter of law, protected. Under the Texas Whistleblower Act, his reports to law enforcement — including the Texas Rangers, the Travis County District Attorney's Public Integrity Unit, and other law-enforcement authorities — were protected reports of suspected violations of law by a public employer to an appropriate law enforcement authority. His access to his own work email was compelled by the agency's own decision to send the EEO complaint findings report solely to that work email, requiring him to check it to receive and respond to the report. His review of his own paystubs was lawful. **The pre-termination letter expressly identifies these communications to outside entities as grounds for the action — meaning the agency, on the face of its own document, identified statutorily protected whistleblower activity as a basis for terminating him.**

– **Concealment of an Attorney General ruling for 99 days.** The Office of the Attorney General issued Ruling OR2025-034676 on September 29, 2025. The agency did not notify Mr. Stolarski of that ruling until January 6, 2026 — a delay of 99 days — and only after he affirmatively asked about its status. During that entire period, the agency's public records portal falsely displayed the request's status as "Waiting for AG Response," when the AG had in fact already responded. Misrepresenting the status of a public-information request for over three months reflects a breakdown in transparency obligations and a willingness to misstate the record to a requester. **His public information requests remain deficient, failing to provide all requested documents that the AG's office confirmed should be provided.**

– **Hiring used to route work to preferred contractors.** Where procurement controls are this weak and the fraud unit is excluded, recurring work can be filled through preferred contractors instead of through competitive hiring — positions posted, qualified applicants passed over, the search declared failed, and the work then routed to a contractor — without documented, independently reviewed justification. This is a direct abuse-of-power and fraud-risk concern warranting examination of specific requisitions and the resulting awards.

– **Records destruction exposure.** Internal communications are subject to automatic deletion after a fixed period unless an individual manually preserves them. This places state records, records responsive to open-records requests, and records subject to legal hold at risk of destruction before they are classified or identified — a serious records-integrity and potential spoliation concern.

– **Officials adjudicating complaints against themselves.** Officials who were the subjects of internal complaints participated in the disciplinary and termination decisions affecting the complainant, with no apparent recusal. The absence of conflict-of-interest safeguards in internal administrative decision-making is an abuse-of-power concern.

– **Retroactive policy change used to justify discipline.** An internal ethics policy was amended shortly after the termination to add a prohibition that did not exist at the time of the conduct, and the amended standard was then treated as applicable to that prior conduct — a denial of fair, prospective notice and an indicator of an after-the-fact effort to justify a predetermined outcome.

Part 3 — What Connects Them

The two parts of this notification are not separate stories. Mr. Stolarski reported irregular contracting and hiring to the agency's fraud function before he was terminated. He filed public-information-act requests while investigating these issues. The Sunset review has now independently confirmed that the contracting environment he described is, in fact, badly broken and stripped of its safeguards. He was then railroaded out through the rights violations in Part 1 — FMLA interference, false allegations, a determination reached and disseminated before he was ever asked for his side, denial of access to his own defense materials, and the weaponizing of his protected activity. An employee who accurately reported these failures was removed using a manufactured record he was never permitted to rebut. That is the conduct we are asking you to investigate.

Demand

We respectfully demand that the responsible authorities:

– Investigate the IT contracting and procurement practices identified above, including vendor relationships, the exclusion of the fraud-detection division from procurement, and any awards made without competition.

– Examine the falsification of official labor records and its implications for federal-grant compliance.

– Examine the hiring practices described above, including specific position postings and the contractor awards that followed.

– Correct the record as to Joseph Stolarski — remove the false and mischaracterized findings from his personnel file and provide the name-clearing process he was denied.

– **Reinstate Joseph Stolarski to his position, or an equivalent one, upon his medical clearance to return to work.** His termination was the product of the unlawful conduct described above; a lawful, make-whole remedy includes restoring the position he would have held but for that conduct.

We are prepared to provide supporting documentation upon request. We are exercising our lawful right to bring this misconduct and abuse of power to the attention of the authorities responsible for addressing it, and we intend to pursue every appropriate avenue until it is addressed.

I am interested in making a public comment during a future commission meeting regarding these matters as well as testifying in any hearings involving the Texas Workforce Commission.

Mitzi Stolarski

TWC IT Contracting — Control Gaps That Create Corruption Risk

A summary of mechanisms documented in the June 2026 Sunset Staff Report

What this document is. This summarizes the specific findings in the Sunset staff report's IT issue (Issue 4) that describe *control weaknesses in how TWC awards and manages IT contracts.* Each item below is a documented control gap — a condition under which contract irregularities, favoritism, or self-dealing could occur or go undetected.

The seven mechanisms

1. IT leadership can draft contracts with no independent expert sign-off

The report finds that IT acquisition is governed by a RASCI chart that lists program areas and subject-matter experts only as "consulted" — described as "a weak designation that allows IT leadership to draft contracts without requiring subject matter expert sign-off or technical buy-in."

Why this is a corruption-risk mechanism: the single most basic anti-corruption control in procurement is independent review — someone other than the contract drafter must validate the contract. When one party (IT leadership) can author a contract without anyone else's required approval, there is no internal check on what goes into it, who it favors, or whether its terms are justified. Concentrated, unchecked control over contract drafting is the precondition for steering a contract.

2. The fraud-detection division is entirely excluded from procurement

The report finds that "critical divisions such as I3 and Fraud Detection and Compliance Monitoring (FDCM) are entirely omitted from the agency's formal procurement processes."

Why this is a corruption-risk mechanism: FDCM is the unit whose function is detecting fraud and compliance failures. Excluding it from the contracting process removes the one set of eyes specifically trained to spot irregularities from the exact process where contract irregularities would originate. This is the removal of the dedicated watchdog from the henhouse — not as a metaphor for wrongdoing, but as a literal structural fact: the fraud-detection function has no role in, and no visibility into, how contracts are drafted and awarded.

3. Statements of work are kept deliberately vague

The report finds that "a deliberate policy decision to maintain vague, high-level statements of work compounds this issue, as vendors receive little guidance on the technical complexities of workforce policy." It gives the TX3C system as an example, where "the broad statement of work… defined what the system should do but did not provide sufficient technical or operational detail on how those requirements should be implemented."

Why this is a corruption-risk mechanism: vague statements of work are a known vehicle for favoritism. Precise specifications constrain what a vendor must deliver and make performance measurable; vague ones leave terms open, make it difficult to hold a vendor accountable, and make it easy to justify selecting or retaining a preferred vendor on subjective grounds. The report's word — "deliberate" — establishes the vagueness was a choice, not an accident. (It does **not** establish the *purpose* of that choice; vagueness is also commonly chosen for administrative convenience.)

4. No comparison of in-house cost versus outsourcing — outsourcing is the default

The report finds TWC's "procurement strategy currently defaults to 'off-the-shelf plus customized' systems" and that this "often lacks support from a rigorous analysis of whether vendors are able to develop solutions… in a cost-effective manner." It states the agency should "carefully compare and document the costs of efficiently providing the service internally and the cost of outsourcing the function," and that "by failing to evaluate in-house development, the agency accumulates technical debt."

Why this is a corruption-risk mechanism: when an agency defaults to buying from vendors without ever documenting whether the work could be done in-house more cheaply, every dollar that flows to a contractor is unjustified by any comparative analysis. The absence of a documented make-vs-buy decision means contractor spend is never tested against the alternative — which both enables unnecessary outsourcing and removes the paper trail that would reveal it.

5. Vendor lock-in through proprietary systems

The report finds that once a system is implemented, "TWC is trapped by proprietary software that cannot be modified cost effectively," forcing staff to use external tracking systems for basic operations.

Why this is a corruption-risk mechanism: proprietary lock-in converts a one-time award into a long-term dependency on a single vendor, eliminating competitive pressure on all subsequent work, modifications, and renewals. A vendor that controls a system the agency cannot modify or leave holds ongoing leverage, and the agency's inability to switch removes the competition that normally disciplines pricing and performance.

6. Technical staff have no direct vendor contact and no data dictionaries

The report finds that after a system goes live, "technical staff frequently does not receive essential technical documentation for how to run the system, such as data dictionaries," and that "without these dictionaries or direct vendor access, I3 analysts must guess at data structures." It notes I3 staff "does not have direct contact with the TX3C vendor."

Why this is a corruption-risk mechanism: when the agency's own technical staff cannot independently understand or verify what a vendor delivered — because they lack documentation and direct access — the agency cannot confirm it received what it paid for. This information asymmetry favors the vendor: the buyer cannot independently audit the product, which removes the ability to detect under-delivery, padding, or substitution.

7. Incumbent vendor re-awarded without competition

The report notes, in the context of the No Wrong Door project, that the agency awarded the contract "to a previous vendor rather than pursuing a competitive or innovative solution."

Why this is a corruption-risk mechanism: competitive bidding is the primary structural safeguard against favoritism in awards. Re-awarding to an incumbent without competition bypasses that safeguard. The report frames this as a planning failure (the agency reduced scope and defaulted to what it knew), not as evidence of an improper relationship — but a non-competitive incumbent re-award is, structurally, the exact pattern in which a preferred-vendor relationship would manifest.

What the mechanisms add up to

Taken together, the report documents an IT contracting environment in which:

- one party can draft contracts without independent approval (1),
- the fraud-detection function is excluded from the process (2),
- the contracts themselves are deliberately vague (3),
- contractor spend is never tested against an in-house alternative (4),
- vendors gain long-term lock-in (5),
- the agency cannot independently verify what vendors deliver (6), and
- at least one award went to an incumbent without competition (7).

Every one of these is a safeguard that, in a sound procurement system, exists specifically to prevent or detect contract corruption. The report establishes that these safeguards are absent. That is a finding about **conditions and opportunity** — the controls that would catch self-dealing are not in place, and the fraud-detection unit that would look for it has been structurally excluded.