

March 19, 2018

Mr. Charles F. Horton  
Executive Director  
Texas Board of Professional Geoscientists  
333 Guadalupe St., Suite 1-530  
Austin, Texas 78701-3938

Dear Mr. Horton:

We have completed a post-payment audit of certain payroll, purchase and travel transactions of the Texas Board of Professional Geoscientists (Board). We would like to thank you and your staff for your responsiveness and cooperation in assisting us with this audit. A draft of this audit report was sent to the Chief Financial Officer, Lisa Stockton, on Feb. 2, 2018. The Board's response to the draft is included in this report.

Our purpose was to determine whether the Board's expenditures complied with certain state laws and rules concerning expenditures and with the processing requirements of the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System (USPS). The Board is responsible for ensuring that its staff is knowledgeable in these areas.

We intend for this report to be used by the Board's management and certain state officials and agencies as listed in Texas Government Code, Section 403.071. However, this report is a public record and its distribution is not limited.

We noted other matters involving the processing of expenditures by the Board that we communicated to Lisa Stockton in an email dated Feb. 2, 2018.

The Board may inquire about and register for training related to expenditures through the Fiscal Management [Training Center](#).

We would like input from you or your designee on the quality of the audit process and the service the audit staff provided while conducting this audit. Please take our [Post-Payment Audit Survey](#) to rate and comment on the post-payment audit process. Your feedback is greatly appreciated.



Mr. Charles F. Horton  
March 19, 2018  
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Thank you for your cooperation. If we can be of any further assistance, please contact [derik.montique@cpa.texas.gov](mailto:derik.montique@cpa.texas.gov) or 512-305-9761.

Sincerely,



Lisa M. Nance  
Manager, Statewide Fiscal Services  
Fiscal Management Division

Attachments

cc: C. Thomas Hallmark, Ph.D., Chairman, Texas Board of Professional Geoscientists  
Lisa Stockton, CFO, Texas Board of Professional Geoscientists  
Derik Montique, Auditor, Texas Comptroller of Public Accounts



Fiscal Management Division  
Statewide Fiscal Services Dept.  
Expenditure Audit Section  
Auditor: Derik Montique

Audit Report # 481-17-01  
March 19, 2018

# Post-Payment Audit of the Texas Board of Professional Geoscientists



Glenn Hegar  
Texas Comptroller of Public Accounts

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# EXECUTIVE SUMMARY

## Audit scope

We audited a sample of the Texas Board of Professional Geoscientists (Board) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System (USPS) during the period beginning March 1, 2016, through Feb. 28, 2017, to determine compliance with applicable state laws.

The Board receives appendices with the full report that includes a list of the identified errors. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

The audit provides a reasonable basis for the findings set forth in this report. The Board should implement the recommendations listed in the Detailed Findings of this report. It is the Board'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 that the Board's documents comply in the future. The Board must ensure that the findings discussed in this report are resolved.

***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.***

## Payroll transactions and payroll deductions

Payroll transactions were audited for compliance with the General Appropriations Act (GAA), the [Texas Payroll/Personnel Resource](#) and other pertinent statutes.

The audit identified:

- Missing prior state service verification resulting in incorrect longevity pay.
- Missing personnel action form (PAF).
- Incorrect salary pay.

## Purchase transactions

Purchase transactions were audited for compliance with the GAA, [eXpendit](#), the [State of Texas Procurement Manual](#) and other pertinent statutes.

The audit identified:

- DIR waiver not obtained.
- TIBH contract not used.

### Travel transactions

Travel transactions were audited for compliance with the GAA, [Texttravel](#) and other pertinent statutes.

The audit indentified:

- Lack of conservation of state funds.
- Incorrect travel reimbursement.

### Prompt payment transactions

We audited the Board's compliance with the prompt payment law and scheduling rules.

- No issues were identified.

### Direct deposit authorization form

A review of the Board's procedures to comply with the federal mandate to properly identify and handle payments involving the movement of funds internationally was conducted.

- No issues were identified.

### Third party transactions

Purchase transactions were audited for compliance with the GAA, [eXpendit](#), the [State of Texas Procurement Manual](#) and other pertinent statutes.

The audit indentified:

- Incorrect billing account number.

### Security

The audit included a security review to identify any of the Board's employees with security in USAS or on the voucher signature cards who were no longer employed or whose security had been revoked. Upon termination or revocation, certain deadlines must be observed so that security can be revoked in a timely manner.

The review identified:

- One employee retained ability to expend funds after termination.

### Internal control structure

The Board's internal control structure was reviewed. The review was limited to obtaining an understanding of the Board's controls sufficient to plan the audit and did not include tests of control policies and procedures.

The review identified:

- Two employees could process transactions without oversight.

## Fixed assets

The audit included a limited review of fixed assets acquired by the Board during the audit period to test for accurate reporting in the State Property Accounting (SPA) System and to verify existence of the assets.

The review identified:

- Capitalized/controlled assets not tagged or posted to SPA.

## Prior post-payment audit and current audit recurring finding

A prior post-payment audit of the Board's payroll, purchase and travel transactions was concluded on Jan. 31, 2013.

During the current audit, the following recurring finding was identified:

- Control weakness over expenditure processing.

### Contact:

Derik Montique, MBA, CFE, CGFM, CTP  
512-305-9761

### Contributing Auditors:

Steve Tamez  
Alberto Lanas, CTPM, CTCM

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## DETAILED FINDINGS — PAYROLL

### Missing Prior State Service Verification Resulting in Incorrect Longevity Pay

#### Finding

Four personnel files were missing prior state service documentation necessary to verify the employees' state service and the accuracy of the longevity payments.

Because of the audit, the Board requested and obtained the prior state service verification documentation. The prior state service for three employees matched the data in USPS; therefore, the longevity amounts were correct. However, for the remaining employee the data on the verification documentation did not match the data in USPS, resulting in an overpayment of longevity pay of \$80.

According to the Board, its policy is to verify total state service in order to accurately calculate longevity payments. However, the Board did not follow its procedures in this instance.

Agencies are required to maintain specific documentation to support the legality, propriety and fiscal responsibility of each payment made out of the agency's funds. The Comptroller may require the documentation be made available during a post-payment audit, a pre-payment audit, or at any other time. See [Texas Payroll/Personnel Resources - Required Documentation](#).

We provided the Board with schedules of the missing documentation and the calculation of the longevity overpayment amount. The schedules are not included with this report due to the inclusion of confidential information.

#### Recommendation/Requirement

The Board should verify all information in the personnel files to ensure that documentation of prior state service is obtained for its employees. In addition, the Board should review each employee's job application and/or résumé for prior state service for all current and new employees. The Board must also obtain a reimbursement for the overpayment unless it determines it is not cost effective to do so.

#### Board Response

*The Board agrees with the finding and recommendation. TBPG will continue to verify the correct completion of the agency's forms during new employee orientations. The prior state service form requires each employee to document any prior state service. TBPG's chief financial officer will verify prior state service of each new employee. All employees' personnel files have been verified during the June 30, 2017 audit. Current employees identified in this audit with errors have been corrected. The Board did not seek reimbursement as it is not cost effective for the small amount. As of this date, there have been no additional staff hired.*

## Missing Personnel Action Form

### Finding

During our review of the Board's personnel files, we identified three files missing personnel action forms (PAF). According to the Board, the documents were missing due to oversight.

Agencies are required to maintain specific documentation to support the legality, propriety and fiscal responsibility of each payment made out of the agency's funds. The Comptroller's office may require the documentation to be made available during a post-payment audit, a pre-payment audit or at any other time. See [Texas Payroll/Personnel Resources - General Provisions](#).

The payroll schedule was provided to the Board and is not included with this report due to confidentiality issues.

### Recommendation/Requirement

We recommend the Board continue to review its personnel files to ensure that properly documented PAFs are maintained for each salary action.

### Board Response

*The Board agrees with the finding and recommendation. TBPG will continue to emphasize the correct completion of the agency's forms during new employee orientations, or at any other times when salary changes are needed. All employees' personnel files have been verified during the June 30, 2017, audit, and all Personnel Action Forms (PAFs) were updated and in the appropriate personnel files. Since the time of the audit, the agency has had no new-hires, and remains in compliance.*

## Incorrect Salary Pay

### Finding

We identified one incorrect salary payment that resulted in an underpayment of salary pay to the employee.

The Board gave the employee a merit increase to become effective on the first of the month. The increase was not processed until the second day of the month and thus became effective on the second day. As a result, the employee was paid one day at the previous salary rate. The Board stated this error occurred due to oversight.

We provided the Board with the schedule and calculation of the incorrect payment amount. Those documents are not included with this report due to confidentiality issues.

### Recommendation/Requirement

The Board must enhance its internal controls to prevent incorrect payments. The Board must compensate the employee for the underpaid amount.

### Board Response

*The Board agrees with the finding. TBPG will continue to emphasize the correct completion of the agency's forms during new employee orientations, salary adjustments, or terminations. All employees' personnel files have been verified during the June 30, 2017, audit, and all Personnel Action Forms (PAFs) were updated and in the appropriate personnel files. The Board does not plan to compensate for underpayment since the employee terminated prior to the audit. It is not cost effective for the agency. As of this date, there have been no additional staff hired or terminated.*

### Comptroller Response

[TAC, Section 5.40\(c\)\(3\)\(c\)](#) requires that state agencies promptly correct an underpayment of compensation through a supplemental payroll. No exceptions to this requirement apply for terminated employees; therefore, the Board must create a supplemental payroll to compensate the employee for the underpaid amount.

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## DETAILED FINDINGS — PURCHASE

### Department of Information Resources Waiver Not Obtained

#### Finding

We identified one purchase transaction, supported by a purchase agreement, where the Board purchased information technology (IT) commodities and services without determining if such items were available through the Department of Information Resources (DIR) contracts.

Texas Government Code, Section 2157.068 states that agencies are required to determine whether the IT commodity or service is available from a DIR contract. If not, either a DIR exemption or express prior approval from the Legislative Budget Board (LBB) must be obtained. Such an exemption or prior approval must be included in the documentation indicating that the product or service may be otherwise procured by the agency.

According to the Board, the error resulted from oversight during the procurement process.

#### Recommendation/Requirement

The Board must ensure that the required DIR exemption or LBB prior approval is obtained and placed in its procurement files prior to commencing an open market purchase of IT commodities or services that are not available through DIR contracts.

#### Board Response

*The Agency agrees with the finding and recommendation. The agency is small, and during the transition of one CFO to the other, this step was missed. The agency will follow the procedures outlined in the State of Texas Procurement Manual for IT goods and services. The IT department is outsourced due to agency size; however, the agency is working closely with IT staff to make sure all IT related purchases are obtained from a DIR vendor if available or obtain a written exemption from DIR.*

## TIBH Industries Contract Not Used

### Finding

We identified two transactions where the Board failed to use the TIBH Industries catalogs to procure items that were on the state contracts. We could not identify any documentation to support using another vendor for these purchases. The Board stated that it did not purchase the items from TIBH because of an oversight.

Commodity items and services offered in the TIBH catalog are reviewed and approved by the Texas Council on Purchasing from People with Disabilities (TCPPD). If a product is approved, it is set aside from competitive bidding and is placed on a term contract. Purchases of services approved by TCPPD do not require competitive bidding. See [State of Texas Procurement Manual](#) – Section 2.5.1.

### Recommendation/Requirement

The Board must ensure that the set-aside contracts for goods/services offered by TIBH receive priority over open market purchases and that the proper reports are filed showing all delegated purchases made as exceptions to the set-aside contracts.

### Board Response

*The Agency agrees with the finding and recommendation. The agency is small, and during the transition from previous Chief Financial Officer to current CFO, this step was missed. The agency is following the procedures outlined in the State of Texas Procurement Manual for all goods or services manufactured by TIBH. The agency will document the reason why delegated purchases are not made from TIBH, and report any of these purchases to the State Purchasing Division of the Comptroller's office. Any purchase not purchased through TIBH will go on the State Use or Exception Report.*

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## DETAILED FINDINGS — TRAVEL

### Lack of Conservation of State Funds

#### Finding

We identified three travel vouchers where the Board reimbursed travelers for mileage while operating personal vehicles to conduct official business. However, based on the applicable car rental rates, related taxes, cost of gas and the standard mileage rates in effect at the time of travel, it would have been more cost beneficial to the state if the travelers had used rental vehicles instead of personal vehicles. The Board's procedures do not require travelers to prepare a cost comparison of rental car versus personal vehicle prior to travel.

According to [Texas Government Code Section 660.007\(a\)](#), a state agency shall minimize the amount of travel expenses paid or reimbursed by the agency. Similarly, supporting documentation must be made available to the Comptroller's office. See [34 Texas Administrative Code Section 5.51\(e\)\(2\)-\(3\)](#).

#### Recommendation/Requirement

The Board must exercise caution in its use of state funds and ensure its expenditures are fiscally responsible. The Board should update its policies and procedures in order to implement a cost analysis policy to ensure it uses the most cost efficient method of travel.

#### Board Response

*The Board agrees with the finding and recommendation. The agency will continue to work and train employees on all policies and procedures related to travel, in addition to monitoring expenditures for fiscal responsibility. Staff have been trained to always use the cost-comparison analysis to determine the most cost-effective method. The mileage calculator is completed with each travel voucher issued using MapQuest to always assure the lowest cost to the state.*

## Incorrect Travel Reimbursement

### Finding

We identified one instance where a travel reimbursement was incorrectly processed. The traveler was reimbursed \$113.50 more than they should have been for meals and lodging. According to the Board, it did not detect the error when processing the travel reimbursement.

Agencies must ensure that all travel reimbursements are examined prior to payment to ensure compliance with all applicable regulation and limitations. See [Texttravel - Agency Responsibilities](#).

### Recommendation/Requirement

The Board should caution its employees and approval staff to verify all totals being submitted for reimbursement are correct. The Board must also obtain a reimbursement for the overpayment unless it determines it is not cost effective to do so.

### Board Response

*The Board agrees with the finding and recommendation. The TBPG is in the process of revising and updating the travel procedures. The agency will complete a two-step process of verification at the time the travel voucher and receipts arrive in the office, and re-checked at the time of warrants released. TBPG did seek reimbursement from our board member and was reimbursed for the overpayment.*

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## DETAILED FINDINGS — SPECIAL REPORTS

### Incorrect Billing Account Number

#### Finding

We ran a report outside of the sample to identify potential payments processed incorrectly to third-party vendors by the Board during the audit period. During our review of this report, we identified 52 transactions processed incorrectly to the state's payment card vendor. The incorrect payments totaled \$8,273.79. The Board stated that these transactions were processed under previous administration and that all transactions are currently being processed correctly.

The Board failed to provide the correct billing account number as prescribed by [Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\)](#) and [USAS and CAPPS Financials Invoice Number Field Requirements \(FPP E.023\)](#). As a result, the vendor may be unable to post payments directly to the Board's payment and travel card accounts; this may further result in unidentified and delayed payment postings and potential loss of rebate earnings.

#### Recommendation/Requirement

The Board must enhance its procedures to ensure payments for third-party transactions are processed in accordance with [FPP A.043](#) and [FPP E.023](#). We recommend the Board review payment card statements to ensure the payments were posted correctly to avoid any account delinquency or reconciliation issues.

#### Board Response

*The Board agrees with this finding and recommendation. The third-party transactions were changed when new chief financial officer was hired, and were in compliance at the time of audit. The staff has been instructed and trained on "How to process a credit card account." There were no delinquencies or reconciliation issues with Citibank regarding the incorrect billing account number.*

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## DETAILED FINDINGS — EXPENDITURE APPROVALS

### Failure to Request Security Access Removal

#### Finding

During the audit period, the Board did not notify the Comptroller's office about the termination of one employee designated by the Board to approve its expenditures. The Board stated that the error was an oversight. The lack of timely notification meant the employee retained USAS security for five days after termination. The employee could have approved expenditures submitted to the Comptroller's office during that time. Any expenditure that was approved under the employee's expired authority would have constituted an unapproved expenditure. We ran a report to determine whether any expenditure was approved by the employee and noted that there were no expenditures submitted by the employee after the termination date.

An agency must notify the Comptroller's office whenever a designated employee's authority to approve expenditures is revoked for any reason. See [34 Texas Administration Code Section 5.61\(k\)](#). Any officer or employee may send the Comptroller's office notification of termination or revocation. See [34 Texas Administrative Code Section 5.61\(k\)\(3\)\(B\)](#). Additionally, this citation does not specify how the Comptroller's office must be notified about designated employees' terminations. Therefore, the Comptroller's office will accept emails, faxes, letters, memos or other writings in advance of the expiration date, as long as the writings indicate that the designated employee has terminated employment, had security revoked or will experience either a revocation or termination in the near future, and the notification specifies the effective date of the revocation and termination.

#### Recommendation/Requirement

The Board must ensure compliance with the terminated employee security revocation requirements. The Board must also ensure that the person responsible for sending the notification to the Comptroller's office is aware of the designated employee's termination on or before the termination becomes effective and follow through with the Comptroller's office to ensure that termination is timely, taking into account any special circumstances.

#### Board Response

*The Board agrees with the finding and recommendation. The agency security coordinator will now be responsible for informing the Comptroller's office of the termination of designated staff.*

*The Board is in the processing of updating their Departing Employee form to include a section that includes the USAS I.D. of any applicable staff member, as well as signature card updates if needed. The Agency will delegate a backup security administrator in case the chief financial officer/security administrator is not available. Security coordinators will be made immediately aware of employees' terminating employment date with the agency. Coordinators have also been instructed to terminate access on departing employees.*

*This was an oversight by the Board. The employee was not terminated from security at the time of her departure, and due to the size of the agency, there was no backup for security.*

## Control Weakness Over Expenditure Processing/Confidential Treatment of Information Acknowledgment Form Missing

### Finding

As part of our planning process for the post-payment audit, we reviewed certain limitations that the Board placed on its accounting staff's ability to process expenditures. We reviewed the Board's security in USAS, USPS, TINS and voucher signature cards that were in effect on June 1, 2017. We did not review or test any internal or compensating controls that the Board may have relating to USAS, USPS or TINS security or internal transaction approvals.

Two employees had the ability to:

- Process and release payments through USAS,
- Adjust payment instructions in TINS and approve vouchers, and
- Pick up warrants from the Comptroller's office and approve vouchers.

One of the two employees could also process and release payroll transactions in USPS.

The Board was given a schedule of this finding during fieldwork. The schedule is not included with this report due to confidentiality issues.

We ran a report to determine whether any Board payments processed through USAS or USPS during the audit period because of the action of only one person. We identified four USAS documents that were either entered and approved, or altered and approved, by the same person without oversight. These documents resulted in payments totaling \$1,110.71. The payments were reviewed during the audit and determined to be valid expenditures. We provided the Board with an electronic copy of this report during fieldwork.

The Board stated that this was necessary due to the limited number of accounting staff and their job responsibilities.

As a routine part of our security review, we evaluated the Board's compliance with the requirement that all agency users of Comptroller systems must complete a Confidential Treatment of Information Acknowledgment (CTIA) form. When a new user needs access to Comptroller systems, the agency's security coordinator must first have the user read and sign the CTIA form. A reviewing official also signs the form, which the agency's security coordinator keeps on file for as long as the user has access to the systems, plus five years. In our review, we identified one CTIA form that could not be located by the Board.

## Recommendation/Requirement

To reduce risks to state funds, agencies must have controls over expenditure processing that segregate each accounting task to the greatest extent possible. Ideally, no individual should be able to process transactions without another person's involvement.

The Board must implement the following recommendations:

- The Board must periodically review the controls over expenditure processing and segregate each task to the extent possible to ensure that no individual is able to process payments without oversight. The Board should request that a preventative control be enforced for all transactions in USAS. If an agency requests the control, an edit will prevent the release of a document that the same user entered or altered. See [USAS Accounting and Payment Control \(FPP B.005\)](#) about reducing risks to state funds.
- The Board must limit user access to either enter/change voucher or release/approve batch. The Board must limit the access of users who can enter/change voucher or release/approve batch in USAS to view only access in TINS (PTINS02). An individual should not be able to create a vendor or change a vendor profile, create a payment, and approve the payment.
- The Board must limit user access by removing the user from the Agency Authorization for Warrant Pickup list or by removing the ability to release/approve vouchers in USAS.
- The Board must work with Comptroller's office Statewide Fiscal Systems security staff to set up user profiles that separate the entry and approval of payroll transactions in USPS.
- The Board must enhance its procedures to ensure that no user gains access to the statewide financial systems without a timely and properly completed CTIA form.

## Board Response

*The agency agrees with the finding and recommendation. Also the agency has established controls over the expenditure processing and has no employee who has both entering and releasing capabilities. TBPG will request the Risky Document Report (DAFR9840) monthly to monitor document activity. We will also implement the document-tracking control edit in USAS to further ensure that no single person is entering and releasing documents. Internal procedures specifically state, "Staff entering accounting transactions would not approve and/or release these transactions for payment processing. The Board's chief financial officer is the agency's designated security coordinator and does not request access to any financial system without a properly completed CTIA form."*

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## DETAILED FINDINGS — FIXED ASSETS

### Capitalized/Controlled Assets Not Tagged or Reported to State Property Accounting

#### Finding

We selected four assets that were purchased during the audit period for review to test for accurate reporting in the State Property Accounting (SPA) System and to verify existence of the assets. However, according to the Board, no assets have been tagged or reported to SPA for the past several years. As a result of the audit the Board was posting the new acquisitions and noted the older purchases were not tagged or in SPA. We provided the Board with a list of fixed assets purchased by the Board since FY 2010 to ensure that all assets were included. As a result of the audit the Board tagged and reported all the fixed assets to SPA.

According to the policies and procedures of the SPA Process User's Guide:

- Internal agencies must enter their property online at the time of acquisition and maintain their information perpetually. See [SPA Process User's Guide - Chapter 2 - General Provisions - Request for Agency Reporting Status](#)
- All property capitalized or designated as a "controlled" asset must be marked or tagged as property owned by the agency with the exception of real property. See [SPA Process User's Guide - Chapter 2 - General Policies - Tagging of Property](#)
- Each item of property, capitalized or controlled, must be assigned a unique property inventory number. Agencies may not reuse a previously assigned property number. See [SPA Process User's Guide - Chapter 2 - General Policies - Tagging of Property](#)
- Agencies may choose to track property using appropriate labeling methods as long as they meet guidelines established by the Comptroller's office in consultation with the State Auditor's Office (SAO). Property number labels must be highly visible and easily accessible during the annual inventory. See [SPA Process User's Guide - Chapter 2 - General Policies - Tagging of Property](#)

#### Recommendation/Requirement

The Board must ensure that all capitalized and controlled assets are tagged and reported to SPA at the time of acquisition.

#### Board Response

*The Board agrees with the recommendation. This was a finding that was in the early stages of being corrected before the audit began. The new chief financial officer was aware of the issue, and had already taken an inventory of property and tagged assets, but had not had time to complete the process with SPA. As of Sept. 1, 2017, all assets are in the intended location, tagged and properly recorded in SPA.*

# Appendices



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APPENDICES

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**Appendix 1 — Summary of Sample Errors Detected**

Audit Period: March 1, 2016 through Feb. 28, 2017

**GROUP 1 (USPS) — PAYROLL TRANSACTIONS — Limited Sampling**

Low Range	High Range	Audited Transactions	Errors Detected (A)	Sample Base (B)	Error Rate (C)	Population Base
\$0.00	\$999,999,999.99	69	\$88.09	\$67,829.67	.001299	\$406,563.34

**GROUP 1 (USAS) — PURCHASE TRANSACTIONS — Limited Sampling**

Low Range	High Range	Audited Transactions	Errors Detected (A)	Sample Base (B)	Error Rate (C)	Population Base
\$0.00	\$999,999,999.99	30	\$6,203.58	\$104,756.03	.059219	\$174,193.88

**GROUP 2 (USAS) — TRAVEL TRANSACTIONS — Limited Sampling**

Low Range	High Range	Audited Transactions	Errors Detected (A)	Sample Base (B)	Error Rate (C)	Population Base
\$0.00	\$999,999,999.99	134	\$645.61	\$21,235.80	.030402	\$25,302.01

**Legend**

Sample Error Rate (C) = (A) ÷ (B)

**Note:** All dollar amounts rounded to the second decimal place. All error rates rounded to the sixth decimal place.

APPENDICES

**Appendix 2 — Schedule of Errors — Purchase — Type 1 Findings**

<b>Doc #</b>	<b>Sfx</b>	<b>Type of Error</b>	<b>Vendor Name</b>	<b>Amount of Error/ Transaction</b>
26481080	001	Missing DIR Waiver	Christopher D Gregor	\$3,465.00
26481100	002	TIBH Contract Not Utilized	V Quest Office Machine	\$2,400.89
27481013	002	TIBH Contract Not Utilized	Office Max 377	\$337.69

**Total Amount of Error      \$6,203.58**

APPENDICES

**Appendix 3 — Schedule of Errors — Travel — Type 1 Findings**

<b>Doc #</b>	<b>Sfx</b>	<b>Type of Error</b>	<b>Vendor Name</b>	<b>Amount of Error/ Transaction</b>
16481034	001	Lack of Conservation of State Funds	Charles F Horton	\$108.13
16481050	001	Lack of Conservation of State Funds	Christopher Mathew	\$271.60
16481051	002	Incorrect Travel Reimbursement	Charles T Hallmark	\$113.50
16481062	002	Lack of Conservation of State Funds	Steven W Fleming	\$152.38

**Total Amount of Error      \$645.61**

## Appendix 4 — Audit Process Overview

Post-payment audits are conducted by the Expenditure Audit section of the Comptroller's Statewide Fiscal Services department within the Fiscal Management Division.

### Audit objectives

The primary objectives of a post-payment audit are to:

- Ensure payments are documented so a proper audit can be conducted.
- Ensure payment vouchers are processed according to the requirements of the Uniform Statewide Accounting System (USAS) and either:
  - ◊ The Uniform Statewide Payroll/Personnel System (USPS),
  - ◊ The Standardized Payroll/Personnel Report System (SPRS) or
  - ◊ The Human Resource Information System (HRIS).
- Verify payments are made in accordance with certain applicable state laws.
- Verify assets are in their intended locations.
- Verify assets are properly recorded for agencies and institutions of higher education that use the State Property Accounting (SPA) System.
- Verify voucher signature cards and systems security during the audit period are consistent with applicable laws, rules and other requirements.

### Comptroller's office responsibilities / Supporting statute

A state agency may request the Texas Comptroller of Public Accounts (Comptroller's office) to pay a claim against the agency only by submitting the appropriate payment voucher to the Comptroller's office.

- [Texas Government Code, Sections 404.046, 404.069, 2103.003, 2103.0035, 2103.004.](#)

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.](#)

### Methodology

The Expenditure Audit section uses one or more of the following generally recognized auditing techniques to conduct a post-payment audit:

- Detailed audit (100 percent of a given population)
- Stratified random sampling
- Randomly generated sampling
- Non-probability sampling
- Limited sampling

### Fieldwork

Each auditor in the Expenditure Audit section is required to approach the fieldwork phase of each audit with an appropriate level of professional skepticism based upon the results of the initial planning procedures.

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

### Reporting

Each auditor audits payment vouchers according to established policies and procedures. The audit findings are reported to the audited agency in the form of a report.

The audit report:

- Discloses the total dollar amount of any unsubstantiated payments or overpayments noted in the audit.
- Includes recommendations and requirements for the audited agency.

Each auditor:

- Discusses the management issues noted during the audit at the exit, and
- Includes details of these issues to the chief fiscal officer after the exit.