

Fiscal Management Division
Expenditure Audit Section
Auditor: Valerie Davis

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Post-Payment Audit of Sixth Court of Appeals



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EXECUTIVE SUMMARY

Audit scope

A detail of the Sixth Court of Appeals (COA) 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 Sept. 1, 2012, through Aug. 31, 2013, was audited to determine compliance with applicable state laws.

The audited agency or institution of higher education receives appendices with the full report that may include a list of the identified errors and an errors projection to estimate the amount of improperly paid transactions. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

The audit provides a reasonable basis for the finding set forth in this report. The COA should implement the recommendation listed in the Detailed Findings of this report. It is the COA's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Texas Comptroller of Public Accounts (Comptroller's office) may take the actions set forth in Texas Government Code Annotated, Section 403.071(h) (Vernon 2013), to ensure that the COA's documents comply in the future. The COA must ensure that the finding discussed in this report is resolved.

Texas law requires the 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

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

- No issues were identified.

Purchase transactions

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

- No issues were identified.

Travel transactions

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

The audit identified:

- Lack of conservation of state funds.

Internal control structure

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

Based on a recommendation from the 2011 post-payment audit, the COA implemented tools to strengthen internal controls and reduce the risk to state funds by activating an edit within USAS that warns the user when a document that the user entered or altered is about to be released by the same user. The COA also implemented the use of a report to identify documents that the same user entered or altered and then released.

However, because the risk cannot be fully eliminated unless no user has security to enter/alter and then release payments in USAS, the control weakness still exists. There is an additional preventive control available within USAS that, if activated, would further strengthen the COA's control environment.

Prior post-payment audit and current audit recurring errors

A prior post-payment audit of the COA's payroll, purchase and travel transactions was concluded on May 4, 2011.

During the current audit, no recurring errors were identified.

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DETAILED FINDINGS — TRAVEL

Conservation of State Funds

Finding

We identified seven instances where the COA reimbursed travelers for mileage while operating personal vehicles to conduct official business. Based on the applicable car rental rates, related tax, 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 used rental vehicles instead of personal vehicles.

The COA'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 Annotated, Section 660.007(a) (Vernon 2012), a state agency shall minimize the amount of travel expenses paid or reimbursed by the agency. The agency shall ensure that each travel arrangement is the most cost effective considering all relevant circumstances.

Recommendation/Requirement

The COA must exercise caution in its use of state funds and ensure that those expenditures are fiscally responsible. The COA should do a cost comparison analysis to ensure that the most cost-efficient method is used.

COA Response

We believe that the use of personal automobiles is preferable to rental cars as a general proposition, especially when one considers safety, efficiency and the continued prompt operation of the court and the administration of justice. Our reasoning includes the following factors:

- 1. There is some value to the taxpayer of the efficient use of the traveler's time. We believe that one way we can stay among the most prompt of the Courts of Appeal is to efficiently use the time of our personnel. One way to do that is to use the convenience of the personal vehicle on court-related trips.*
- 2. Using a rental vehicle requires added time and effort and generally must be rented and returned during business hours, at least in a small town such as Texarkana, foregoing the efficiencies of using a personal automobile, and creating added roadblocks to our effective use of time and effort of our people, our most expensive commodity. Because of our location in the extreme northeast part of the state, and the normal meeting start times for Council of Chief's meetings, making up six of the seven found examples, for example, efficient travel requires either early morning or Sunday afternoon departures and after-hours returns, again suggesting the utility of using the available personal automobile rather than a rental vehicle.*

3. *Driving a vehicle one is familiar with is safer than driving a vehicle one is unfamiliar with, particularly in interstate and city traffic, which is the vast majority of the cited expense items.*
4. *The obligation to stay in communication with the court and on court business, even when on the road, suggests the use of personal vehicle, to keep cell phone charged and use the familiar hands-free calling that is set up in the personal vehicle.*
5. *In the end analysis, the suggestion that using a rental car necessarily saves the taxpayer money ignores the realities of judicious and wise use of all resources to provide the taxpayers the most effective, efficient justice we can for the resources made available for our stewardship.*

For these reasons, we suggest our current practice is preferable and actually produces a net benefit to the taxpayers of the state. Thank you for your consideration.

Comptroller Response

We recommend that if the COA continues to use a personal vehicle instead of a rental car, the COA should limit the reimbursement to the lesser of the amount from the cost-comparison analysis. The Comptroller's office provides a simple cost-comparison spreadsheet that can assist the COA with this recommendation. The Excel spreadsheet is called Mileage Calculator and can be found under "Other Resources" on [Texttravel](#).