

Fiscal Management Division
Expenditure Audit Section
Auditor: Randy Taylor

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Post-Payment Audit of Thirteenth Court of Appeals



Susan Combs
Texas Comptroller of Public Accounts

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EXECUTIVE SUMMARY

Audit scope

We audited a sample of the Thirteenth Court of Appeals' (Court) 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, to determine compliance with applicable state laws.

The Court receives appendices with the full report that may include 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 Court should implement the recommendations listed in the Detailed Findings of this report. It is the Court'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 Court's documents comply in the future. The Court must ensure that the findings discussed in this report are 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](#), the [State of Texas Procurement Manual](#) and other pertinent statutes.

The audit identified:

- Interest not paid for 50 purchase vouchers.

Travel transactions

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

The audit identified:

- An incorrect mileage rate used.
- No coordination of travel between two employees.
- Meals exceeding locality rate.

Internal control structure

The Court's internal control structure was reviewed. The review was limited to obtaining an understanding of the Court'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 Court 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 Court 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 Court's control environment.

Prior post-payment audit and current audit recurring errors

A prior post-payment audit of the Court's payroll, purchase and travel transactions was concluded on April 25, 2011.

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

- Prompt payment errors.

Contact:
Randy Taylor, CTP
512-463-4035

Contributing Auditor:
Jesse A. Cantú, CPA

DETAILED FINDINGS — TRAVEL

Meals Exceed Locality Rate

Finding

We identified one travel transaction where the Court reimbursed an employee for meals that were in excess of the allowable reimbursement rate for the locality. The Court stated that the employee was in three duty points during the duration of the travel voucher. The last duty point had a lower reimbursement rate than the prior duty points. The employee used the same meal reimbursement rate for the meal reimbursement, which was higher than allowed.

The reimbursement may not exceed the Comptroller's maximum reimbursement rate for the employee's duty point. See [Texttravel – Meals and Lodging](#).

Recommendation/Requirement

The Court must ensure that in the future it does not reimburse its employees for meals that exceed the Comptroller's maximum rate for the employee's duty point. If cost effective, the Court should seek a refund of overpayment.

Court Response

We agree with the finding. It was determined that this was an oversight since the traveler had been at two different locations with different meal rates on the same date. The error has been corrected.

No Coordination of Travel Between Two Employees

Finding

We identified one instance where the Court reimbursed two travelers for mileage for the use of personal vehicles to attend the same training in Corpus Christi, Texas. The travelers departed on the same day and had the same itinerary; the Court overpaid the amount of mileage reimbursement to both employees.

Texas Government Code Annotated, Section 660.044 (Vernon 2004), states that when employees from the same agency travel on the same dates with the same itinerary, they must coordinate travel. When four or fewer employees travel on the same itinerary, only one may be reimbursed for mileage. When more than four employees travel on the same itinerary, only one out of every four may be reimbursed for mileage.

The Court stated that it did not realize the reimbursement for the mileage should have been divided between the two employees.

Recommendation/Requirement

The Court must exercise caution in its use of state funds and ensure that those expenditures are fiscally responsible. The Court should require employees to coordinate travel arrangements prior to traveling to ensure that the most cost effective method is utilized.

Court Response

We agree with the finding. Two new employees were unaware of the rule and their supervisors did not inform them in time. The situation has now been corrected and the travel has been limited for all Court personnel.

Incorrect Mileage Rate Used

Finding

We identified seven travel transactions where the Court used an incorrect mileage rate for reimbursement. The reimbursement rate during the travel dates was \$0.565 a mile; the rate used was \$0.555 a mile. The employee was underpaid for the mileage reimbursement. The Court said the error occurred when an employee failed to update the travel form that was used.

See [Textravel – Mileage in Personal Vehicle](#).

Recommendation/Requirement

The Court should review all travel reimbursements for accuracy and completeness prior to payment. The Court must compensate the employee who was underpaid the reimbursement for mileage.

Court Response

We agree with the findings. This was an oversight on the employee's part and the travel vouchers were not checked for the correct mileage rate. This has been corrected and the new mileage rate has been made available to all employees. The employee has been paid the amount owed.

DETAILED FINDINGS — PURCHASE

Payments Past the Prompt Payment Deadline

Finding

We identified 50 purchase transactions paid late where no late payment interest was paid to the vendors. According to the Court, these errors occurred due to logistics; some of these expenditures occurred in Corpus Christi and were not forwarded to the Court immediately. The Court did not pay interest to vendors when the payments were late due to entering incorrect invoice receiving dates. The unpaid interest totaled \$44.34.

According to the prompt payment law, Texas Government Code Annotated, Section 2251.021 (a) (Vernon 2008), a governmental entity's payment is overdue on the 31st day after the later of:

- The date the governmental entity receives the goods under the contract;
- The date the performance of the service under the contract is completed; or
- The date the governmental entity receives an invoice for the goods or service.

The Comptroller's office computes and automatically pays any interest due under the prompt payment law when the Comptroller's office is responsible for paying the principal amount on behalf of the agency. See Texas Government Code Annotated, Section 2251.026 (Vernon 2008).

During the audit period, the Court paid vendors \$0.08 of prompt payment interest.

Recommendation/Requirement

The Court must ensure that correct due dates are entered and payment information is submitted for processing in a timely manner to avoid incurring interest liabilities.

Court Response

We agree with the findings. This is an area that has always given the Court problems. When invoices are set aside to allow 30 days to accrue for payment, we get into a situation that when the 30 days roll around, the scheduling does not allow for the payment at that time. Consequently, those invoices are not paid on time. We will be working on a system to alleviate the situation.

Comptroller Response

The Court should use the scheduling features within USAS to schedule payments in accordance with the prompt payment law when the invoice is received. The Court should not hold the invoices for 30 days before entering the payments into USAS.