

Fiscal Management Division
Expenditure Audit Section
Auditor: Waleska Carlin

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Post-Payment Audit of the Office of Public Utility Counsel



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EXECUTIVE SUMMARY

Audit scope

We audited a randomly generated sample of the Office of Public Utility Counsel (Office) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System (USPS) to determine compliance with applicable state laws.

The scope of this audit included transactions processed during the period beginning March 1, 2014, through Feb. 28, 2015.

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.

- 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.

- No issues were identified.

Travel transactions

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

- No issues were identified.

Internal control structure

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

The review identified certain areas of risk involving the internal control structure and its segregation. The Office had designated two employees with multiple security capabilities to perform the following:

- Process and release payments in USAS and USPS without oversight,
- Adjust payment instructions in the Texas Identification Number System (TINS),
- Approve paper vouchers, and
- Pick up payment warrants from the Comptroller's office.

A total of 241 payment transactions totaling \$224,472.57 were processed without oversight through USAS, and 15 payroll transactions totaling \$1,758,919.81 were processed by one person in USPS during the audit period. Random samples of these transactions were included in our audit sample and were found to be valid transactions.

To reduce risks to state funds, agencies should have controls over expenditure processing that segregate each accounting task to the greatest extent practical. Ideally, no individual should be able to enter or alter and then release payments or other accounting transactions within the statewide financial systems without another person's involvement.

The Office should continue to monitor payment transactions by requesting 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 in the system.

See [*USAS Accounting and Payment Control \(FPP B.005\)*](#) for more information.

Prior post-payment audit and current audit recurring findings

A prior post-payment audit of the Office's payroll, purchase and travel transactions was concluded on March 30, 2011.

During the current audit, there was one recurring finding:

- Control weakness over expenditure processing.

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