

Fiscal Management Division
Expenditure Audit Section
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Post-Payment Audit of the Texas Optometry Board



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EXECUTIVE SUMMARY

Audit scope

We audited all of the Texas Optometry Board (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 Sept. 1, 2013, through Aug. 31, 2014, to determine compliance with applicable state laws.

The Board received appendices with its full report that included 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.

- No issues were identified.

A limited sample of voluntary contributions was also audited.

- 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.

The audit identified:

- Receipt not in employee's name.

Fixed assets

The audit included a limited review of fixed assets acquired by the Board during the audit period to test for accurate reporting and to verify existence of the assets.

- All assets tested were in their intended location.

Security

The audit included a security review to identify any of the Board's employees with security in USAS, USPS 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 who retained the security 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 who had the ability to process expenditures without oversight. Each employee could:
 - Process and release payments through USAS.
 - Adjust payment instructions in the Texas Identification Number System (TINS) and approve vouchers.
 - Process and release payrolls.
 - Pick up warrants from the Comptroller's office and approve paper vouchers.

Prior post-payment audit and current audit recurring findings

A prior post-payment audit of the Board's payroll, purchase and travel transactions was concluded on July 22, 2011.

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

- Control weakness over expenditure processing.

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DETAILED FINDINGS — TRAVEL

Receipt Not in Employee's Name

Finding

We identified one transaction in which an employee claimed reimbursement on behalf of a board member. The board member's airline ticket was purchased by the employee at the time of the reservation. After the travel was completed, the employee requested that the reimbursement for the airfare be made payable to the employee who purchased the tickets.

For a description of receipt requirements, see [Textravel – Commercial air transportation](#).

Recommendation/Requirement

The Board must ensure that reimbursements are only for the employee incurring the expense. We recommend that the Board ensure that all employees are knowledgeable about the travel rules set forth in [Textravel](#).

Board Response

The agency will insure that this type of transaction will not occur in the future.

DETAILED FINDINGS — EXPENDITURE APPROVALS

Control Weakness Over Expenditure Processing

Finding

As part of our planning process for the post-payment audit, we reviewed certain limitations that the Board placed on its accounting staff members' abilities to process expenditures. We reviewed the Board's security in USAS, USPS, TINS and voucher signature cards that was in effect on Nov. 14, 2014. 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.

We identified two employees with multiple security capabilities. Both employees had the security to:

- Process and release payments through USAS,
- Adjust payment instructions in TINS and approve vouchers,
- Process and release payrolls without electronic oversight and
- Pick up warrants from the Comptroller's office and approve paper vouchers.

The Board received a schedule of this finding during fieldwork.

To reduce risks to state funds, agencies should have controls over expenditure processing that segregates 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.

We ran a report to determine whether any of the Board's payment documents processed through USAS or USPS during the audit period because of the action of only one person. Four USAS transactions were either entered and approved, or altered and approved, by the same person without another person's electronic oversight. These documents resulted in payments totaling \$69,124.78. We provided the Board with a copy of this report during fieldwork. We verified that all transactions were valid expenditures.

As a result of our previous audit, the Board stated that it would request receipt of the Risky Document Report (DAFR9840) to identify documents that the same user entered or altered and then released for processing. However, a query of our database indicates that the request for DAFR8940 has been inactive since December 2014.

Recommendation/Requirement

As recommended in our prior audit, the Board should continue to review the controls over expenditure processing and segregate each task to the greatest extent possible to ensure that no individual is able to process payments without oversight.

We strongly recommend that the Board request the implementation of the preventive control discussed in [USAS Accounting and Payment Control \(FPP B.005\)](#) for all transactions in USAS. With this modification on its profile, an edit automatically prevents the release of a document that the same user entered or altered. This implementation would allow the Board to establish independent control over this recurrent risk.

Board Response

Approval signatures are required prior to release of payments in USAS/USPS. Because of the small number of employees in the agency, several employees have the authority to process and release payments in USAS/USPS. However, the completion of these tasks are separated as much as possible and the security of the agency's funds are taken very seriously by management and staff. Staff closely reviews payment reports following release of payments in USAS to ensure that no inappropriate activity has occurred. Staff will insure that the Risky Document Report (DAFR8940) will be requested to identify the documents that the same user entered or altered and then released for processing.

Employee Retained Security To Expend Funds After Termination

Finding

The Board failed to submit a request to remove an employee's security from USAS and USPS on or before the effective date of the employee's termination date. The removal of the employee's security occurred four days after the employee's termination. Any payment submitted in USAS or USPS that was approved by the employee's expired authority would have constituted an unapproved expenditure. We did not identify any unapproved expenditures. The Board stated that the delay in removing the employee's security occurred because of oversight.

For an employee whose authority to approve an agency's expenditures is revoked for any reason, the employee's USAS and USPS security profile must be changed not later than the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the agency. See 34 Texas Administrative Code, Section 5.61(k)(5)(A)-(B).

Recommendation/Requirement

The Board must ensure compliance with the preceding requirements. The Board must also ensure that the person responsible for sending notifications to the Comptroller's office is aware of the designated employee's termination on or before the date the termination becomes effective and follow through with the Comptroller's office to ensure the receipt of the notification and that the revocation occurred.

Board Response

The agency will terminate access immediately upon the employee's termination date.