

Fiscal Management Division
Statewide Fiscal Services Dept.
Expenditure Audit Section
Auditor: Raymond McClintock

Audit Report # 448-16-01
August 31, 2016

Post-Payment Audit of Office of Injured Employee Counsel



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EXECUTIVE SUMMARY

Audit scope

We audited a sample of the Office of Injured Employee Counsel (Office) 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 June 1, 2014, through May 31, 2015, to determine compliance with applicable state laws. From the payroll group, 237 selected transactions were audited from the 50 highest paid employees. From the purchase and travel groups, 50 transactions with the highest dollar amount were audited.

The Office received appendices with the 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 Office should implement the recommendations listed in the Detailed Findings of this report. It is the Office'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 Office's documents comply in the future. The Office 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.

A limited sample of voluntary contributions was also audited.

The audit identified:

- Missing prior state service form/Longevity payment amount incorrect.

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, [Texttravel](#) and other pertinent statutes.

The audit identified:

- Meals not payable.

Security

The audit included a security review to identify any of the Office'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.

- No issues were identified.

Internal control structure

The Office's internal control structure was reviewed. 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.

- No issues were identified.

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 Nov. 29, 2011. No recurring audit findings were identified.

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DETAILED FINDINGS — PAYROLL

Missing Prior State Service Forms / Longevity Payment Amounts Incorrect

Finding

In our review of a prior state service report outside of the audit sample, we identified an employee who did not have prior state service documentation in their personnel file. The employee indicated prior state employment on the application, which was not verified at the time of initial employment. The Office obtained documentation of the prior state service during fieldwork and entered the dates in USPS for the affected employee. The finding resulted in an underpayment of longevity pay in the amount of \$100.00.

Prior state service documentation is necessary to verify the employee's state service and the accuracy of longevity payments. 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 documentation be made available during a post-payment audit, a pre-payment audit or at any other time. See [Texas Payroll/Personnel Resource — Required Documentation](#).

Recommendation/Requirement

The Office must ensure that all prior state service is properly verified and documented for its employees. The Office must ensure that its internal operating procedures include quality control measures that will identify all prior state service indicated by a state employee. The Office should promptly correct the underpayments through a supplemental payroll. See Texas Administrative Code, Title 24, Section 5.40(c).

Office Response

The agency follows the following verification process:

- *Reconciles job application and resume information against new employee forms stating prior state service.*
- *Requests and obtains written verification from state agencies and institutions of higher education.*
- *Guides employees in requesting and receiving verification of service from the Employees Retirement System (ERS).*

Since the audit finding, the agency has now adopted an additional step of requesting a comptroller search of prior state information that is not readily available to the agency. This process has been incorporated into Human Resources internal procedures.

The agency has compensated the employee for the amount of the longevity underpayment. The agency has verified prior state service for all employees.

DETAILED FINDINGS — TRAVEL

Meals Not Payable

Finding

We identified one instance of an incorrect travel reimbursement. The traveler was reimbursed \$5.19 for a meal purchased while still at her designated headquarters. According to the General Appropriations Act, Article IX, Section 5, a state employee may be reimbursed for a meal expense incurred on a day that the employee conducts state business outside of his or her designated headquarters. The meal expense is only reimbursable if the employee is outside of his or her designated headquarters for at least six consecutive hours. See [Texas Government Code, Section 660.113\(b\)](#).

The Office did not detect the error when processing the travel reimbursement.

Recommendation/Requirement

The Office should caution its employees and approval staff to verify all amounts that are submitted manually. The Office should obtain reimbursement from the employee unless it determines it is not cost effective to do so.

Office Response

The agency enhanced training for its travel liaisons to verify the locations on receipts before approving reimbursement. Additionally, the agency conducted training for all staff regarding the audit finding.