# Table of Contents

## Executive Summary
- Audit scope .................................................................................................................. i
- Payroll transactions and payroll deductions ................................................................. i
- Purchase transactions .................................................................................................... i
- Payment card transactions ........................................................................................... i
- Travel transactions ......................................................................................................... ii
- Security .......................................................................................................................... ii
- Internal control structure .............................................................................................. ii
- Prior post-payment audit and current audit recurring findings ..................................... ii

## Detailed Finding — Payment Card

Incorrect Invoice Format and Texas Identification Number ............................................. 1
EXECUTIVE SUMMARY

Audit scope

We audited a sample of the State Auditor’s Office (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, 2015, through May 31, 2016, to determine compliance with applicable state laws.

The Office receives appendices with the full report that includes 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.

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.

• 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.

Payment card transactions

Payment card transactions were audited for compliance with eXpendit, the State of Texas Procurement Manual and other pertinent statutes.

The audit identified:

• Incorrect invoice number format and Texas Identification Number (TIN).
Travel transactions

Travel transactions were audited for compliance with the GAA, Textravel and other pertinent statutes.

• No issues were identified.

Security

The audit included a security review to identify any of the Office’s employees with security in USAS, the Texas Identification Number System (TINS) 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 May 21, 2013.

During the current audit, no recurring findings were identified.

Contact:
Waleska Carlin, CGAP
512-463-4487

Contributing Auditors:
Raymond McClintock, Payroll Auditor
Elizabeth Hanke, Staff Auditor
Steve Tamez, Staff Auditor
DETAILED FINDING — PAYMENT CARD

Incorrect Invoice Format and Texas Identification Number

Finding

We reviewed a Payment Card Transactions Report to determine whether the payment card transactions were processed accurately in USAS during the audit period. The Office did not use the correct invoice number format on 74 payment card transactions, totaling $68,592.57. In addition, six of the 74 transactions were processed with the incorrect TIN. The Office indicated this was an oversight and is in the process of implementing new procedures for processing payment card transactions in USAS.

The invoice number and TIN number are needed to reconcile payments processed by state agencies and to identify the vendor/employee associated with the payment. The information entered by state agencies captures vendor-level details in the system and ensures payments are posted correctly to avoid account delinquency or reconciliation issues. In addition, payment detail information is used for open records and financial reporting.

Recommendation/Requirement

We recommend the Office use the correct invoice number format and TIN to process payment card transactions in the accounting system. This will help ensure payments are processed promptly and avoid any account delinquency and/or reconciliation issues.

Agencies must enter accurate information and follow specific guidelines when processing payment card transactions in USAS.

See Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements (FPP A.043) and USAS and CAPPS Financials Invoice Number Field Requirements (FPP E.023).

Office Response

The State Auditor’s Office (Office) appreciates the opportunity to respond to the finding. The Office implemented procedures to ensure the correct invoice number format and TIN are used for payment card transactions. The Office implemented those procedures when the audit team identified the issue.