

Fiscal Management Division
Statewide Fiscal Services Dept.
Expenditure Audit Section
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Post-Payment Audit of the Texas State Soil and Water Conservation Board



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EXECUTIVE SUMMARY

Audit scope

We audited a sample of the Texas State Soil and Water Conservation 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, 2015, through Aug. 31, 2016, to determine compliance with applicable state laws.

The Board 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 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

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.

Travel transactions

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

- No issues were identified.

Security

The audit included a security review to identify any of the Board'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employees with security in USAS or on the voucher signature cards, who were no longer employed or whose security had been revoked.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 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 audit identified:

- Two employees could process and release payments through USAS.
- Two employees could adjust payment instructions in TINS and approve vouchers.
- One employee could pick up warrants from the Comptroller's office and approve paper vouchers, and process and release payrolls in USPS.

Fixed assets

The audit included a limited number of fixed assets acquired by the Board during the audit period to test for proper tracking in the Board's internal system. All assets tested were in their intended location and properly recorded in the State Property Accounting (SPA) System.

- No issues were identified.

Prior post-payment audit and current audit recurring finding

A prior post-payment audit of the Board's payroll, purchase and travel transactions was concluded on March 27, 2013.

During the current audit, we identified one recurring finding:

- Control weakness over expenditure processing.

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DETAILED FINDINGS — INTERNAL CONTROLS

Control Weakness Over Expenditure Processing

Finding

As part of our planning process for the post-payment audit, we reviewed certain limitations the Board placed on its accounting staff's ability to process expenditures. We reviewed the Board's signature cards and security for USAS, USPS and TINS. We did not review or test any internal or compensating controls that the agency may have relating to security or internal transaction approvals in USAS, USPS or TINS.

During the audit period, we identified employees with multiple security capabilities, to include:

- Two employees could process and release payments through USAS.
- Two employees could adjust payment instructions in TINS and approve vouchers.
- One employee could pick up warrants from the Comptroller's office and approve paper vouchers, and process and release payrolls in USPS.

We ran a report to determine whether any of the Board's payment documents processed through USAS during the audit period because of the action of only one person. The report identified two documents for a total of \$111,992.93 that processed without oversight. The payments were reviewed during the fieldwork phase of the audit and were determined to be valid expenditures. We also verified that during the audit period the Board did not have any documents that were released by unauthorized users.

To reduce risks to state funds, the Board should maintain controls over expenditure processing that segregate each accounting task to the greatest extent possible. Ideally, no individual should be able to process accounting transactions within the statewide financial systems without another person's involvement.

Recommendation/Requirement

The Board should review the controls over expenditure processing and segregate each task to the maximum extent possible to ensure that no individual is able to process payments without oversight.

We strongly recommend that the Board implement the following recommendations:

1. The Board should elect to have the document tracking control edit on the Agency Profile (D02) set to either:
 - Prevent a user from releasing a batch that the same user entered or altered for the agency.
 - OR–
 - Warn the user when the same user attempts to release his or her own entries or changes and have a second individual review and process those transactions. See [USAS Accounting and Payment Control \(FPP B.005\)](#).

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2. The Board should review the preventive and detective controls over expenditure processing discussed in [USAS Accounting and Payment Control \(FPP B.005\)](#), such as the Risky Document Report (DAFR9840), which identifies documents that the same user entered or altered and then released for processing.
 3. The Board must limit the access at the time it is set up (96A screen) by limiting user access to either enter/change voucher or release/approve batch. A supervisor or another employee should be approving the vouchers.
 4. The Board must limit access to view only for users of TINS (PTINS02) who can enter/change vouchers or release/approve batches in USAS. An individual should not be able to create a vendor or change a vendor profile, create a payment and approve the payment.
 5. The Board must work with Comptroller's office Statewide Fiscal Systems security staff to set up user profiles that separate the entry and approval of payroll transactions in USPS.
 6. The Board must limit user access by removing the user from the Agency Authorization for Warrant Pickup list or by removing the ability to release/approve paper vouchers.

Board Response

The Board will implement all recommended controls to the maximum extent possible given the small size of the agency and limited staff available for expenditure processing.