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Statewide Fiscal Services Dept.  
Expenditure Audit Section  
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# Post-Payment Audit of the Texas A&M University System



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## EXECUTIVE SUMMARY

### Audit scope

We audited a sample of the Texas A&M University System's (System) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) during the period beginning June 1, 2016, through May 31, 2017, to determine compliance with applicable state laws.

The System 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 System should implement the recommendations listed in the Detailed Findings of this report. It is the System'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 System's documents comply in the future. The System 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. The System was also audited for compliance with Human Resource Information System (HRIS) reporting requirements.

The audit identified:

- Underpayment of salary amount.

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.

The System paid \$1,830.40 in prompt payment interest during the audit period.

## Travel transactions

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

- No issues were identified.

## Special reports

The audit included a review of various ad hoc reports run for the System outside the sample. One of the ad hoc reports is the Miscoded Transactions Report, which lists potential incorrect Texas Identification Numbers (TIN) and/or T-codes used on third-party transactions not in compliance with [Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\)](#).

The audit identified:

- Incorrect mail code used on payments to service departments.

## Internal control structure

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

- No issues were identified.

## Fixed assets

The audit included a limited number of fixed assets acquired by the System during the audit period. Their physical existence and use for state business was verified.

- No issues were identified.

## Prior post-payment audit and current audit recurring findings

A prior post-payment audit of the System's payroll, purchase and travel transactions was concluded on Aug. 27, 2014.

- No recurring findings were identified.

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## DETAILED FINDINGS — PAYROLL

### Underpayment of Salary Amount

#### Finding

In our audit of payroll transactions, for a sample of 20 employees, we identified that the System paid one employee an amount less than the salary authorized on the employee payroll action documentation. According to the System, the payment error was due to an incorrect percentage being entered into the System's payroll system.

The System is currently in the process of preparing a supplemental payment to the employee for the amount previously underpaid.

#### Recommendation/Requirement

The System must review its controls and personnel records to ensure accuracy and completeness, as well as ensure that its internal operating procedures include quality-control measures that will detect and prevent any underpayment of compensation to a state employee. See [34 Texas Administrative Code Section 5.40\(c\)](#).

#### System Response

*Originally, there was an error made in the payroll calculation of one employee and they were underpaid by \$16.94. The salary on this particular person was split between several funding sources. An error was made in the percent allocations between various funding sources. We have implemented a new payroll system, Workday, which has additional edits to help ensure these types of payments are more accurate.*

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## DETAILED FINDINGS — SPECIAL REPORTS

### Incorrect Mail Code Used on Payments to Service Departments

#### Finding

In a report generated outside of our sample, we identified six transactions totaling \$262,232.21, where the incorrect mail code was used when making payments to service centers.

The System processed the reimbursements in the Uniform Statewide Accounting System (USAS) using its own mail code instead of creating a unique mail code for each service center. Each service center is required to have a unique mail code. The System indicated it will set up unique numbers in the Texas Identification Number System (TINS) for each service center, and begin using each TIN to process reimbursements through USAS.

Improper processing procedures can result in the inaccurate reporting of expenditures for public information requests. See [\*Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\)\*](#) that explains how state agencies and institutions of higher education must process third-party payments through USAS.

#### Recommendation/Requirement

The System must ensure payments from the State Treasury to the service centers include the proper vendor information in TINS. Each On-Campus and Auxiliary Enterprise Service Center that provides goods or services for the System must have its own individual mail code set up in TINS.

#### System Response

*Originally, there were six payments made with the incorrect mail code number. These were valid payments for goods and services provided. On Nov. 6, 2017, TINS mail codes for System Office service centers were established. We have updated our procedures to use these new mail codes TINS numbers when paying for services provided by the System Office's service centers.*