



An Audit of the Texas Parks and Wildlife Department

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Executive Summary

Purpose and Scope

The objectives of the Texas Parks and Wildlife Department (Department) audit were to determine whether:

- Contracts were procured according to applicable state laws and Comptroller requirements.
- Payments were processed according to applicable state laws, Comptroller requirements and statewide automated system guidelines.
- Documentation to support those payments was appropriately maintained.
- Capital and high-risk assets were properly recorded.
- Appropriate security over payments was implemented.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period from Sept. 1, 2016, through Aug. 31, 2017.

Background

Texas Parks and Wildlife Department provides outdoor recreational opportunities by managing and protecting wildlife and wildlife habitat and acquiring and managing parklands and historic areas. The Department's mission is to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing and outdoor recreation opportunities for the use and enjoyment of present and future generations.

**Texas Parks and Wildlife
Department website**

<https://tpwd.texas.gov/>

Audit Results

The Department generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. Auditors found no issues with refund of revenue or property management transactions. However, the Department should consider making improvements to its payroll, payment and travel card, travel, and contracting and procurement processes.

The auditors noted two recurring issues from the prior post-payment audit issued in August 2013. An overview of audit results is presented in the following table.


Table Summary

Area	Audit Question	Results	Rating
<u>Payroll Transactions</u>	Did payroll transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Incorrect hazardous duty pay. • Incorrect longevity pay. • Incorrect state effective service date/missing prior state service verification. • Missing payroll deduction document. 	Compliant, Findings Issued
<u>Refund of Revenue Transactions</u>	Did refund of revenue transactions comply with all pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
<u>Travel/Non-Overnight Transactions/Travel Card Transactions</u>	Did travel transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Incorrect processing of non-overnight meals. • Missing documentation. • Missing purchase order/internal process not followed. • Meals not payable. 	Compliant, Findings Issued
<u>Payment Card Transactions</u>	Did payment card purchase transactions comply with all pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Term contract not used. • Missing training verification documentation. 	Compliant, Findings Issued
<u>Contracting and Procurement Process</u>	Did contracts and related payments comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Missing State Auditor's Office (SAO) nepotism disclosure form. • Missing historically underutilized business (HUB) subcontracting plan. • Pre-award vendor performance tracking system (VPTS) report not evaluated/failure to report VPTS. • Debarred vendor status not verified. 	Compliant, Findings Issued



Repeat Finding



Area	Audit Question	Results	Rating
Fixed Assets	Were tested assets in their intended location and properly reported in the State Property Accounting System?	No issues	Fully Compliant
<u>Security</u>	Did all system access to process payments comply with all Comptroller security guidelines?	 Two Confidential Treatment of Information Acknowledgment (CTIA) forms were signed late, after the employees accessed the system.	Compliant, Findings Issued
Internal Control Structure	Are incompatible duties segregated to the extent possible to help prevent errors or detect them in a timely manner and help prevent fraud?	No issues	Fully Compliant



Repeat Finding

Key Recommendations

Auditors made several recommendations to help mitigate risk arising from control weaknesses. Key recommendations include:

- The Department should enhance its internal controls to prevent incorrect payments of hardship station pay and any future underpayments in compensation.
- The Department should enhance its internal controls over travel transactions to ensure costs are allowable, recorded correctly and supported with documentation.
- The Department should enhance its procurement procedures to ensure all requirements are met.
- The Department must ensure sufficient supporting documentation for all payments and must routinely review and update its procedures for maintaining documentation for all purchases and contracts.
- The Department must implement controls to ensure that no user gains access to the statewide financial systems without first signing a completed Confidential Treatment of Information Acknowledgment (CTIA) form.



Detailed Findings

Payroll Transactions

Auditors developed a representative sample of 213 payroll transactions totaling \$719,115.21 from a group of 40 employees to ensure the Department complied with the GAA, the [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed exceptions for this group of transactions. Additionally, a limited sample of 29 voluntary contribution transactions was audited. Audit tests also revealed exceptions for this group of transactions.

Incorrect Hazardous Duty Pay

Auditors identified one employee with incorrect months of service credit in the Department's internal payroll system, resulting in an incorrect payment of hazardous duty pay. The employee was not given state service credit for time employed in a hazardous duty position at another state agency. The total hazardous duty pay amount underpaid was \$5,225. The Department stated that it received incorrect hazardous duty dates from the employee's prior agency.

As a result of the audit, the Department corrected its internal system to include the months of employment in a hazardous duty position. The Department compensated the employee for the underpayment of hazardous duty pay.

Auditors provided the Department with the schedule and calculation of the incorrect hazardous duty payment amount. It is not included with this report due to confidentiality issues.

When an agency hires an employee, the agency must research whether the employee has prior state employment in hazardous duty positions, including hazardous duty employment at a community or junior college. If prior hazardous duty employment exists, the agency must ensure the employee is receiving lifetime service credit for all periods of employment in a hazardous position during the employee's state employment. See [Texas Payroll/Personnel Resource - Agency Specific Provisions - Hazardous Duty Pay](#).

Recommendation/Requirement

The Department should verify prior state service data for employees working in hazardous duty positions to ensure employees receive lifetime service credit for all eligible periods of employment in hazardous duty positions. The Department should also implement procedures to ensure that both the internal record of previous state employment forms and job applications are reviewed to verify any prior state hazardous duty employment that may be listed.



Department Response

The Human Resources Division (HR) will continue to research if an employee has any prior state hazardous duty employment by 1) requesting the employee provide, during the onboarding process, all previous periods of employment in hazardous duty positions; and 2) auditing the employee's job application for possible periods of prior state hazardous duty employment not disclosed by the employee on our prior state verification form. HR will continue to confirm prior state service data by verifying employment history with previous employing Texas state agencies and institutions of higher education.

HR will incorporate a quarterly audit process to ensure compliance. HR will conduct the first audit in September 2019 for employees hired between June 1 through Aug. 31, 2019. Additionally, to address the fact that the previous agency provided incorrect dates, HR will look into utilizing the State of Texas Employment History Application or other means for validating prior state service data provided.

Incorrect Longevity Pay

Auditors identified 11 employees at the Department with incorrect state effective service dates in the Uniform Statewide Payroll/Personnel System (USPS) resulting in incorrect longevity payment amounts. The employees were identified in a report outside of the payroll sample that listed prior state service. All employees noted the prior state employment on their job applications, but did not receive state service credit. These errors resulted in a total underpayment of \$13,380, which was outside the audit sample. According to the Department, these discrepancies occurred due to incorrect effective service dates provided by the employees' previous employers, failure to obtain Prior State Service Verification forms, and data entry errors when entering state effective service dates into USPS.

Prior state service documentation is necessary to verify employees' state effective service dates and the accuracy of longevity payments. The Department's payroll policies and procedures manual includes verifying prior state service when an employee indicates prior service on a job application. As a result of the audit, the Department verified the additional prior state service, compensated the employees for the underpaid longevity pay and made the required adjustments to leave accruals.

When an agency hires an employee, the agency must research whether the employee has previous state service. If prior service exists, the agency must confirm the amount of lifetime service credit and properly record it, or risk underpaying longevity pay. See [Texas Payroll/Personnel Resource – Non-Salary Payments – Longevity Pay](#).



Recommendation/Requirement

The Department must continue to review each employee's job application for prior state service and confirm that it is properly recorded to ensure longevity pay increases occur at the correct times.

Department Response

The Human Resources Division (HR) will continue to research if an employee has any prior state service by 1) requesting the employee provide, during the onboarding process, all previous periods of state employment; and 2) auditing the employee's job application for possible periods of prior state employment not disclosed by the employee on our prior state verification form. HR will continue to confirm prior state service data by verifying employment history with previous employing Texas state agencies and institutions of higher education.

HR will incorporate a quarterly audit process to ensure compliance. HR will conduct the first audit in September 2019 for employees hired between June 1 and Aug. 31, 2019. Additionally, HR will look into utilizing the State of Texas Employment History Application or other means to identify potential prior state employment for situations in which the employee fails to report prior state employment.

Incorrect State Effective Service Date/Missing Prior State Service Verification Form

Auditors identified three employees with incorrect state effective service dates in USPS. The employees were identified in a report outside the sample that listed prior state service. All employees noted prior state employment on their job applications but did not receive state service credit. The Department verified that the prior state service was valid and made the entry in USPS. The additional service credit did not result in an underpayment of longevity pay.

Prior state service documentation is necessary to verify employees' state effective service dates and the accuracy of longevity payments. The Department's payroll policies and procedures manual includes verifying prior state service whenever an employee indicates prior service on a job application. As a result of the audit, the Department verified the additional prior state service, corrected the employees' effective service dates and made the required adjustments to leave accruals.

Auditors also identified one employee file within the sample with missing prior state service documentation. Documentation is necessary to verify employees' state service and the accuracy of longevity payments. As a result of the audit, the Department obtained the documentation. The prior state service for the employee matched the data in USPS;



therefore, the longevity amount paid to the employee was correct. The Department explained that it was not aware that the Prior State Service Verification form was missing from the employee's file.

When an agency hires an employee, the agency must research whether the employee has prior state service. If prior service exists, the agency must confirm the amount of lifetime service credit and properly record it, or risk underpaying longevity pay. See [Texas Payroll/Personnel Resource – Non-Salary Payments – Longevity Pay](#).

Recommendation/Requirement

The Department must continue to review each employee's job application for prior state service and confirm it is properly recorded to ensure longevity pay increases and leave accruals occur at the correct times.

Department Response

The Human Resources Division (HR) will continue to research if an employee has any prior state service by 1) requesting the employee provide, during the on boarding process, all previous periods of state employment; and 2) auditing the employee's job application for possible periods of prior state employment not disclosed by the employee on our prior state verification form. HR will continue to confirm prior state service data by verifying employment history with previous employing Texas state agencies and institutions of higher education.

HR will incorporate a quarterly audit process to ensure compliance. HR will conduct the first audit in September 2019 for employees hired between June 1 and Aug. 31, 2019. Additionally, HR will look into utilizing the State of Texas Employment History Application or other means to identify potential prior state employment for situations in which the employee fails to report prior state employment.

Missing Payroll Deduction Document

Auditors identified three out of 29 instances where a required payroll deduction document was missing. The Department stated that it inadvertently disposed of the deduction forms for voluntary contributions.

Agencies are required to maintain specific documentation to support the legality, propriety and fiscal responsibility of each payment made from agency funds. The Comptroller may require the documentation to be made available during a post-payment audit, a prepayment audit or at any other time. See [Texas Payroll/Personnel Resource – Voluntary Deductions](#).



Recommendation/Requirement

The Department should enhance its internal controls to ensure it maintains the proper documentation required to support all employee payroll deductions.

Department Response

Due to unexpected and immediate shifts in workspaces and downsizing of Payroll files, three deduction forms were unable to be located. This is not a common occurrence and staff were immediately reminded of the maintenance and proper retention of Payroll records.

Refund of Revenue Transactions

Auditors developed a representative sample of 20 refund-of-revenue transactions totaling \$783.30 to ensure the Department complied with the GAA, [eXpendit \(FPP I.005\)](#), the [State of Texas Procurement and Contract Management Guide](#) and pertinent statutes. Audit tests revealed no exceptions for this group of transactions.

Travel Transactions

Auditors developed a representative sample of 10 non-overnight transactions totaling \$116.84. Audit tests revealed no exception for this group of transactions. Auditors developed a representative sample of 30 travel transactions totaling \$788.55 and a sample of 10 state employee relocation and/or apartment/house rental expenses totaling \$11,655 to ensure the Department complied with the GAA, [Textravel \(FPP G.005\)](#) and pertinent statutes. Audit tests revealed exceptions for this group of transactions. In a report outside the sample, auditors developed a sample of six travel card transactions totaling \$790.81 to ensure the Department complied with the GAA, [Textravel \(FPP G.005\)](#) and other pertinent statutes. Audit tests revealed exceptions for this group of transactions.

Incorrect Processing of Non-Overnight Meals

Auditors identified one transaction for \$23.79 in the travel sample where the employee reimbursement for meals was incorrectly processed for non-overnight travel. The employee was reimbursed for meals during non-overnight travel using a travel document instead of a payroll document. As a result, payroll taxes were not withheld for this transaction. According to the Department, this error was due to oversight.

A state employee may be reimbursed for non-overnight meal expenses. If an employee on non-overnight travel receives reimbursement for meals, this amount would be considered income and must be reported on his or her W-2. Processing the payment on a payroll document allows withholding for Federal Insurance Contribution Act (FICA) and federal income taxes. See [Textravel – Non-Overnight Travel](#).



Recommendation/Requirement

The Department should strengthen its internal procedures to ensure non-overnight meal expenses are properly processed on a payroll document.

Department Response

AP Management will continue to provide training and guidance to AP staff on an ongoing basis to mitigate data-entry errors to the extent possible. Upon discovery, an expenditure correction request (ECR) was processed to correct the coding error and the non-overnight meal expense was added to the employee's payroll for withholding purposes.

Missing Documentation

During the audit of lease of apartment or house transactions, auditors identified three transactions totaling \$2,100 where the Department could not provide rental property receipts. According to the Department, the employees could not reach the owner of the property in order to obtain a copy of the receipt.

An apartment or house rental expense may be reimbursed if:

- The purpose of the rental is the conservation of state funds.
- The agency reasonably anticipates that the employee will be using the apartment or house while conducting state business throughout the term on the lease.

Application fees and other mandatory costs associated with applying for rental of the apartment or house are reimbursable. See [34 Texas Administrative Code Section 5.22\(e\)](#).

Proper documentation must be maintained and to maintain a proper audit trail to verify that the payments are valid. The Department made several attempts to contact the property owner who was not responsive. Without payment documentation, auditors could not determine whether the original purchases were allowable expenses and whether the information entered into the Uniform Statewide Accounting System (USAS) was an accurate reflection of the intended purchases.

Recommendation/Requirement

Supporting documentation for a purchase/travel payment must be made available in an audit to justify the validity of the payment. The Department must ensure that it has adequate supporting documentation for all expenditures before processing a payment.



Department Response

AP Management advised the Infrastructure Division of the requirement for maintaining lease agreements and other support documentation for their Force Account crews. The Force Account unit was dissolved in December 2017.

Missing Purchase Order/Internal Policy Not Followed

During the audit of state employee relocation transactions, auditors identified one payment transaction totaling \$3,126 that was not supported by a purchase order (PO). The Department's relocation assistance policy allows payment card payments directly to a vendor as long as the total does not exceed the card holder's single transaction limit. When the Department received the invoice, it realized that a PO had not been created; therefore, the Department used the payment card to pay the vendor instead of processing a PO before the service.

It is the general responsibility of a state agency and its officers and employees to ensure "that for each purchase document, the agency maintains necessary documentation for proving that each payment resulting from the document is legal, proper, and fiscally responsible." An agency should maintain proper documentation. See [34 Texas Administrative Code Section 5.51\(c\)\(1\)\(D\)](#).

Without a PO with the vendor at the time the goods were ordered, it would be difficult for the Department to ensure that it was not overcharged or billed for goods or services beyond those the Department had agreed to purchase. The Department's procedures require a PO to be created before obtaining goods and services, but this procedure was not followed in this instance.

Recommendation/Requirement

While a formal or automated purchase order is not generally required, the Department must ensure that documentation of the agreement is prepared when ordering goods or services from a vendor. Once the Department has made a final approved agreement with a vendor, it may not pay any amount in excess of the agreed upon amount unless the agreement is amended due to the vendor providing a new benefit.

Department Response

TPWD has purchasing and contracting policies and procedures in place outlining the purchasing requirements. The Purchasing Director will work with the division purchasing leads to ensure staff are trained appropriately and follow established procedures.

Meals Not Payable

Auditors identified one instance of an incorrect meal reimbursement. The traveler was reimbursed \$128.36 for groceries purchased while still in his designated headquarters in Austin, Texas. In addition, the cost for the groceries was distributed on the travel



voucher to all of the days the employee was in travel status. The Department does allow this type of purchase when an employee is traveling to a remote location; however, the duty stations for this employee were Lufkin and Katy, Texas. The Department stated that it was not noted that these were not remote locations when processing the travel reimbursement.

According to the [Texas Government Code, Section 660.113\(c\)](#), a state agency may not reimburse a state employee for a meal expense incurred within the employee's designated headquarters unless it is mandatory and connected with training, a seminar or a conference. See [Textravel - Meals and Lodging - Meals - Prohibited Reimbursements](#).

Recommendation/Requirement

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

Department Response

Prior to March 1, 2017, TPWD did not require receipts to be attached to travel vouchers. This specific voucher was initially reviewed in February and placed on the pending log for other issues before being processed in March.

The TPWD Chief Operating Officer has assembled a small team to provide better clarification to the agency's travel reimbursement policy. With respect to this specific exception, the traveling employee and TPWD management followed the principle of "conservation of state funds" in which the traveler attempted to minimize the amount of travel expenses by obtaining food items in advance that would be considerably less expensive than other options such as reimbursement of meals purchased at restaurants during the travel assignment. Requiring reimbursement in this specific scenario would not be cost effective and would not be in harmony with the principle of conservation of state funds as summarized in the Comptroller's Textravel website.

Additionally, the Force Account unit within the Infrastructure division was dissolved.

Payment Card Transactions

Auditors developed a representative sample of 50 payment card transactions totaling \$12,038.83 to ensure the Department complied with the GAA, [eXpendit \(FPP I.005\)](#), the [State of Texas Procurement and Contract Management Guide](#) and pertinent statutes. Audit tests revealed the following exceptions in the payment card transactions.



Term Contract Not Used

Auditors identified two payment card transactions in the sample and one payment card transaction outside the sample totaling \$1,712.76 where the Department did not use term contracts to purchase goods. The Department stated it was unaware that these items were on the list of term contracts.

The [State of Texas Procurement and Contract Management Guide](#) – Term Contracts encourages agencies to use term contracts whenever possible. Agencies are not allowed to use delegated authority to purchase goods or services that are available through a term contract unless the quantity required is less than the minimum order quantity specified in the term contract. Term contracts can be viewed online at [Texas SmartBuy](#).

Recommendation/Requirement

Auditors recommend the Department review the existing term contracts to determine if the items the Department needs to purchase are offered under term contracts before selecting a different procurement process.

Department Response

TPWD has purchasing policies and procedures in place requiring end users to follow the purchasing hierarchy as established by the Statewide Procurement Division in the State of Texas Contract Management Guide. TPWD provides annual training to purchasing staff to update them on changes to state purchasing and provide a refresher course on state purchasing procedures.

Missing Training Verification Documentation

Auditors identified one transaction lacking documentation to verify that five of the Department's employees attended training. The Department only provided a copy of the initial registration and approval of attendance. The Department stated there is no other documentation available to prove an employee's attendance as the receipt provided at time of payment was the only documentation provided by the training sponsor, and these were advance purchases made on the payment card.

Proper supporting documentation for a purchase must be maintained or available at least until the end of the second fiscal year after the year in which the document was processed by USAS. See [34 Texas Administrative Code Section 5.51 \(e\)\(5\)\(A\)](#).

Supporting documentation must be made available to the Comptroller's office in the manner required by the Comptroller's office. See [34 Texas Administrative Code Section 5.51\(e\)\(2\)-\(4\)](#).



Recommendation/Requirement

The Department should enhance its policies and procedures to document training attendance and make the documentation available during audits to justify the payments.

Department Response

TPWD is in the process of updating our Purchasing and Contracting Management Guide and anticipates that final policy updates will be complete by the end of November 2019. We have checklists on required documentation and reporting for each type of procurement. A section will be added to include training and the requirement to keep proof of attendance in the contract file.

Contracting and Procurement Process

Auditors selected five contracts totaling \$15,142,918.85 to review the Department's renovation/construction projects and advertising services. All phases of contract development, planning, solicitation, award, payments and monitoring were reviewed for compliance with the GAA, [eXpendit \(FPP I.005\)](#), the [State of Texas Procurement and Contract Management Guide](#) and pertinent statutes. Audit tests revealed exceptions for this group of transactions.

Missing State Auditor's Office (SAO) Nepotism Disclosure Statement Form

Auditors identified one contract for \$4,314,473.85 where the Department failed to complete and sign the SAO Nepotism Disclosure Statement form for one employee involved in the procurement, which was valued at \$1 million or more. According to the Department, the contract file did not contain the SAO Nepotism Disclosure Statement form for the employee because the employee did not make any decisions on behalf of the Department or any recommendations regarding evaluation, award or preparation of a solicitation. However, the employee was required to approve Purchase Order Change Notices (POCN) for this contract, making this employee part of the procurement process. Without the SAO Nepotism Disclosure Statement form in place, the procurement will be noncompliant.

[Texas Government Code, Section 2262.004](#) requires state agency purchasers to disclose relationships that might pose a conflict of interest in awarding a major contract. See [State of Texas Procurement and Contract Management Guide](#) – Agency Review of Required Disclosures.

Recommendation/Requirement

The Department should follow procurement procedures to ensure the SAO Nepotism Disclosure Statement form is complete and signed by the purchasing staff before executing a contract with a vendor. The Department should maintain the SAO Nepotism Disclosure Statement form as part of the procurement file.



Department Response

TPWD Purchasing Policies and Procedures and solicitation checklists require a Nepotism Disclosure Statement be signed by management for all contracts exceeding one million dollars. Purchasing and Infrastructure management will ensure staff are aware of all required documentation to be kept in the contract file.

Missing Historically Underutilized Business (HUB) Subcontracting Plan

Auditors identified one contract for \$3,455,950 where the Department did not provide the required HUB subcontracting plan. The Department indicated that the vendor submitted a HUB subcontracting plan (HSP) and provided documentation that the HSP existed, but the actual HSP was discarded.

Agencies considering a procurement with an expected value greater than \$100,000 are required, before soliciting bids, proposals, offers or any other expression of interest, to determine whether subcontracting opportunities are probable under the contract. See [Texas Government Code, Section 2161.252](#) and the [State of Texas Procurement and Contract Management Guide](#) – HUB Subcontracting Plan Requirements. If such opportunities are available, the Department's solicitation documents must convey that probability and the Department must require an HSP.

[Chapter 34 Texas Administrative Code Section 20.285\(e\)](#) requires the HUB subcontracting plan to be reviewed and evaluated before contract award. If accepted, the plan must become a provision of the state agency's contract. Review of the HUB subcontracting plan is not intended to affect the score of one vendor's proposal against another. However, the review of the HUB subcontracting plan ensures each vendor has made or plans to make a good faith effort to contribute to state HUB contracting goals. Without the review, auditors could not be sure good faith was established at the time the procurement was awarded.

Recommendation/Requirement

The Department must abide by the procurement procedures in the [State of Texas Procurement and Contract Management Guide](#) – HSP Requirements to determine whether subcontracting opportunities are probable under the purchase/procurement. If so, that probability must be clearly stated and the Department must require an HSP. The Department must enhance its procurement process to ensure adequate documentation is maintained to meet all procurement requirements.



Department Response

This finding was a result of miscommunication concerning a contract. The HSP was processed in accordance with the records retention procedures and destroyed. However, the contract was extended by divisional contract management staff without notifying the HUB department. Purchasing staff will ensure that a copy of the HSP is included in the contract file as well as ensure that the HUB department is notified of any changes to the contract.

Pre-Award Vendor Performance Tracking System Report Not Evaluated/ Failure To Report to the Vendor Performance Tracking System (VPTS)

Auditors identified five contracts totaling \$15,142,918.85 where the Department did not evaluate the vendor performance reports before awarding a contract. The Department stated that the documents were not available. Incorporating the review of the vendor performance report before awarding a contract allows the Department to identify vendors that have exceptional performance and meet all the contract obligations, while protecting the state from vendors with unethical business practices. The Department must consider all the information collected and evaluated before awarding a contract. [Texas Government Code, Section 2262.055](#) requires state agencies to use the VPTS to determine whether to award a contract to a vendor reviewed in the tracking system.

Auditors identified two contracts totaling \$6,211,968.85 where the Department did not report vendor performance to the VPTS when the contract ended. According to the Department, the contract file did not contain the report because the Department was under the impression that construction projects were exempt from reporting to the VPTS. [Texas Government Code, Section 2155.089](#) requires state agencies to report vendor performance reviews into the VPTS.

The Statewide Procurement Division (SPD) administers the VPTS for use by all ordering agencies per [34 Texas Administrative Code Section 20.115\(b\)](#). The VPTS relies on participation by ordering agencies to gather information on vendor performance. All agencies must report vendor performance on purchases over \$25,000 from contracts administered by SPD or any other purchase over \$25,000 made through delegated authority granted by the SPD. Ordering entities are also encouraged to report vendor performance for purchases under \$25,000. See [State of Texas Procurement and Contract Management Guide](#) – Monitoring Methods – Vendor Performance Reports.

Accurately reporting contractor performance allows agencies to share vendor information and facilitates better oversight of state contracts.



Recommendation/Requirement

The Department should enhance its policies and procedures to ensure that vendor performance reports are evaluated before awarding a contract. A dated copy of the review results from the specified website must be retained as evidence and included in the procurement file.

The Department must report contracts and purchases to VPTS to:

- Identify vendors demonstrating exceptional performance.
- Aid purchasers in making a best value determination based on vendor past performance.
- Protect the state from vendors with unethical business practices.
- Identify vendors with repeated delivery and performance issues.
- Provide performance scores in four measurable categories for Centralized Master Bidders List (CMBL) vendors.
- Track vendor performance for delegated and exempt purchases.

See [State of Texas Procurement and Contract Management Guide](#) – Contract Close-Out.

Department Response

TPWD has policies and procedures in place requiring use of the Comptroller's Vendor Performance Tracking System prior to, during, and after completion of projects. Solicitation checklists were updated and reminders sent to field staff concerning the reports that are required prior to award. The Purchasing Director sent additional instructions, templates, and training tools to end users to help ensure all state reporting requirements are completed.

Debarred Vendor Status Not Verified

Auditors identified two contracts totaling \$6,955,950 where the Department failed to verify whether the vendor was debarred by the SPD. The Department stated that the documents for the two contracts were not available.

The Department must check the Debarred Vendor List posted on the Comptroller's office website to establish that the vendor has not been debarred by SPD. An agency may not award a contract to a debarred vendor. See [Texas Government Code, Section 2155.077](#) and the [State of Texas Procurement and Contract Management Guide](#) – Vendor Compliance Verifications.



Recommendation/Requirement

The Department must conduct a search before any purchase, contract award, extension or renewal. A dated copy of the review results from the specified website must be retained as evidence and included in the procurement file.

Department Response

TPWD solicitation checklists were updated and reminders sent to field staff concerning the reports that are required prior to award. The Purchasing Director sent additional instructions, templates, and training tools to end users to help ensure all state reporting requirements are completed.

Fixed Assets

The audit included a review of a limited number of fixed assets acquired by expenditures during the audit period to test for proper tracking in the Department's internal system. All assets tested were in their intended location, properly tagged and properly recorded in the State Property Accounting system.

Security

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

Confidential Treatment Information Acknowledgment (CTIA) Form Not Signed in a Timely Manner

As a routine part of the security review, auditors evaluated the Department's compliance with the requirement that all agency users of Comptroller statewide financial systems must complete a CTIA form. The Department is a custodian of public and confidential information. When a new user needs access to Comptroller statewide financial systems, the agency's security coordinator must first have the user read and sign the most updated version of the CTIA form, which the agency's security coordinator keeps on file for as long as the user has access to the systems, plus five years. The audit tests revealed two employees who gained access to the systems before signing the CTIA form. The Department stated that these violations occurred due to an oversight.

The unauthorized disclosure of confidential information or the unauthorized withholding of public information could lead to fines and/or imprisonment, according to [Texas Government Code, Sections 552.352 – 552.353](#).



Recommendation/Requirement

The Department should enhance its procedures to ensure that no user gains access to the statewide financial systems before signing a CTIA form.

Department Response

During 2009, the Department's primary agency Security Coordinator changed. Many CTIA forms were not available when the responsibility was transferred. Updated CTIA forms were requested from staff to replace the missing forms. Controls are currently in place to ensure CTIA forms are obtained prior to requesting access to the Comptroller systems and are kept while user has access plus 5 years.

Internal Control Structure

The review of the Department's internal control structure was limited to obtaining reports identifying current users' access. The review did not include tests of existing mitigating controls. As part of the planning process for the post-payment audit, auditors reviewed certain limitations that the Department placed on its accounting staff's ability to process expenditures. Auditors reviewed the Department's security in USAS, USPS, the Texas Identification Number System (TINS) and voucher signature cards that were in effect on Jan. 31, 2018. Auditors did not review or test any internal or compensating controls that the Department may have relating to USAS, USPS or TINS security or internal transaction approvals. The audit tests revealed no findings.



Appendices

Appendix 1 — Objectives, Scope, Methodology, Authority and Team

Audit Objectives

The objectives of this audit were to:

- Ensure payments are documented so a proper audit can be conducted.
- Ensure payment vouchers are processed according to the requirements of any of the following:
 - Uniform Statewide Accounting System (USAS),
 - Uniform Statewide Payroll/Personnel System (USPS),
 - Standardized Payroll/Personnel Report System (SPRS) or
 - Human Resource Information System (HRIS).
- Verify payments are made in accordance with certain applicable state laws.
- Verify assets are in their intended locations.
- Verify assets are properly recorded for agencies and institutions of higher education that use the State Property Accounting (SPA) system.
- Verify voucher signature cards and systems security during the audit period are consistent with applicable laws, rules and other requirements.

Audit Scope

Auditors reviewed a sample of the Texas Parks and Wildlife Department (Department) payroll, refund of revenue, travel, payment card, contracting and purchase transactions that processed through USAS from Sept. 1, 2016, through Aug. 31, 2017, to determine compliance with applicable state laws.

The Department receives appendices with the full report, including a list of the identified errors. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

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.

The audit provides a reasonable basis for the findings set forth in this report. The Department should implement the recommendations listed in the Detailed Findings of this report. It is the Department'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 Department's documents comply in the future. The Department must ensure that the findings discussed in this report are resolved.



Audit Methodology

The Expenditure Audit section uses limited sampling to conduct a post-payment audit.

Fieldwork

Each auditor in the Expenditure Audit section approaches each audit with an appropriate level of professional skepticism based on the results of the initial planning procedures.

If an auditor suspects during an audit that fraud, defalcation or intentional misstatement of the facts has occurred, the auditor will meet with his or her supervisor, the Statewide Fiscal Oversight manager, or both, to decide what action or additional procedures would be appropriate.

Audit Authority

State law prohibits the Comptroller's office from paying a claim against a state agency unless the Comptroller's office audits the corresponding voucher.

- Texas Government Code, Sections 403.071(a), 403.078, 2103.004(a)(3).

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher.

- Texas Government Code, Section 403.071(g)-(h).

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis.

- Texas Government Code, Sections 403.011(a)(13), 403.079, 2155.324.

Audit Team

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Appendix 2 — Definition of Ratings

Compliance Areas

Definition	Rating
Agency complied with applicable state requirements and no significant control issues existed.	Fully Compliant
Agency generally complied with applicable state requirements; however, control issues existed that impact the agency's compliance, or minor compliance issues existed.	Compliant, Findings Issued
Agency failed to comply with applicable state requirements.	Noncompliant
Restrictions on auditor's ability to obtain sufficient evidence to complete all aspects of the audit process. Causes of restriction include but are not limited to: <ul style="list-style-type: none">• Lack of appropriate and sufficient evidentiary matter.• Restrictions on information provided to auditor.• Destruction of records.	Scope Limitation

Internal Control Structure/Security Areas

Definition	Rating
Agency maintained effective controls over payments.	Fully Compliant
Agency generally maintained effective controls over payments; however, some controls were ineffective or not implemented. These issues are unlikely to interfere with preventing, detecting, or correcting errors or mitigating fraudulent transactions.	Control Weakness Issues Exist
Agency failed to effectively create or implement controls over payments.	Noncompliant

Repeat Finding Icon Definition



This issue was identified during the previous post-payment audit of the agency.