



An Audit of Texas Tech University

Audit Report # 733-19-01
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Texas Comptroller of Public Accounts



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Executive Summary

Purpose and Scope

The objectives of this audit were to determine whether Texas Tech University (University):

- Procured contracts according to applicable state laws and Comptroller requirements.
- Processed payments according to applicable state laws, Comptroller requirements and statewide automated system guidelines.
- Maintained documentation to support those payments.
- Properly recorded capital and high-risk assets.
- Implemented appropriate security over payments.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office) and covers the period from Sept. 1, 2017, through Aug. 31, 2018.

Background

Texas Tech University (University) is focused on advancing higher education, health care, research and outreach. It is one of four component institutions — [Texas Tech University](#), [Texas Tech University Health Sciences Center](#), [Angelo State University](#) and [Texas Tech University Health Sciences Center El Paso](#) — in the Texas Tech University System.


Texas Tech University website
<http://www.ttu.edu/>

Audit Results

The University generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. Auditors found no issues with purchase/procurement, travel, property management records or internal control structure. However, the University should consider making improvements to its payroll, contract and security processes.

Auditors reissued two findings related to prompt payment, payment scheduling and security processes from the last audit conducted at the University. Auditors originally issued these findings in June 2016. 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"> • Failure to follow settlement and judgment process. • Incorrect months of service/incorrect longevity payments. 	Compliant, Findings Issued
Purchase Transactions	Did purchase transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
<u>Contracting and Procurement Process</u>	Did the contract and related payments comply with the GAA, University internal policies and procedures, best practices and pertinent statutes?	<ul style="list-style-type: none"> • Failure to report to the Legislative Budget Board. • Missing contract development and contract management documentation. • Inadequate contract value estimate. • Missing Texas Ethics Commission Certificate of Interested Parties (Form 1295). • Missing Conflict of Interest Disclosure form. • Missing State Auditor's Office nepotism disclosure statement. • Missing vendor compliance verification. <p> Prompt payment and payment scheduling errors.</p>	Compliant, Findings Issued
Travel Transactions	Did the travel transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant



Repeat Finding



Area	Audit Question	Results	Rating
Fixed Assets	Were tested assets in their intended locations and properly reported in the State Property Accounting System?	No issues	Fully Compliant
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
<u>Security</u>	Are University employees who are no longer employed or whose security was revoked properly communicated to the Comptroller's office?	 The University failed to request removal of terminated employees from security in USAS in a timely manner.	Compliant, Findings Issued



Key Recommendations

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

- The University should enhance its procedures to ensure it both verifies all prior state service for employees and correctly pays related longevity payments.
- The University must maintain appropriate documentation, and perform the reviews, procurement activities and verifications required by the [State of Texas Procurement and Contract Management Guide](#).
- The University must report contracts to the Legislative Budget Board (LBB) database as required.
- The University must ensure vendors complete required forms before contract award.
- The University must obtain proof of vendor compliance verification and show evidence of its results.
- The University should enhance its payment processing procedures to ensure it makes payments in a timely manner to avoid incurring interest.
- The University must ensure it sends notifications to the Comptroller's office to remove an employee's Uniform Statewide Accounting System (USAS) security profile on or before the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the agency.



Detailed Findings

Payroll Transactions

Auditors developed a sample of 25 employees and 105 transactions totaling \$289,792.80 to ensure the University complied with the GAA, Texas Payroll/Personnel Resource (FPP F.027) and pertinent statutes. Audit tests revealed the following exceptions for this group of transactions.

Failure To Follow Settlement and Judgment Process

Auditors identified one transaction in the payroll sample totaling \$32,056.65 where the University processed a pre-litigation settlement payment to a former employee for back pay but did not follow the settlement and judgment process required by the [Settlement and Judgment Processing Guidelines \(FPP E.041\)](#) and the GAA, Article IX, section 16.04. The University did not obtain pre-approval from the Comptroller's office before making the settlement payment and used an incorrect comptroller object for the transaction. The University did not provide a cause for these errors.

According to [FPP E.041](#), the paying agency must submit a copy of the purchase voucher and settlement documentation to the Comptroller's office before processing the settlement payment. The Comptroller's office reviews the submitted documentation and, if complete and correct, approves the settlement payment in USAS. In addition, agencies must use comptroller object 7221 in USAS for pre-litigation claim payments.

Recommendation/Requirement

Auditors recommend the University enhance its process to ensure it processes settlement and judgment payments in accordance with [FPP E.041](#) and the GAA.

In addition, the University must process an expenditure transfer voucher (ETV) to correct the comptroller object in USAS, and must submit the documents required in [FPP E.041](#) and a copy of the ETV document to the Comptroller's office.

University Response

Payments that process through an electronic process are flagged for review before payment processes and there are system limits that will not allow processing without proper approvals.

Final approval before processing a settlement payment is given by the Chief Payroll Officer. Settlement payments go through the following process:

- *General Counsel in conjunction with the College and Chief Financial Officer determine the terms of the agreement.*



- *The College initiates the payment approval after the agreement has been signed.*
- *Payment approval routes through the College, Budget Office, and Human Resources. Human Resources sends approval to Payroll & Tax Services to issue payment.*
- *Chief Payroll Officer reviews that all documentation and approvals have been obtained before authorizing staff to process payment. The review process will include a review by Chief Payroll Officer to ensure that comp object code 7221 is used in processing judgment and settlements.*

Incorrect Months of Service/Incorrect Longevity Payments

Auditors identified two employees with incorrect months of service credit in the University's internal payroll system, which resulted in longevity underpayments of \$480 and \$1,300.

Both employees noted prior state employment on their job applications but did not receive state service credit. According to the University, one employee did not disclose prior state employment on the biographical form employees complete during onboarding. The University did verify the other employee's prior state service, but did not enter the service dates into the payroll system.

During the audit, the University conducted the prior state service verification and provided documentation to validate the correct longevity pay amounts for both employees.

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

Recommendation/Requirement

The University must continue to review the payroll/personnel records for all current and new employees to ensure prior state service is properly verified and documented to prevent incorrect longevity payments.

University Response

During employee onboarding, new employees are required to complete a form that discloses prior state service. Human Resources is dependent on new employees disclosing prior state service to ensure service dates for longevity calculations are appropriate for the individual. When an employee discloses prior service, the University takes steps to verify the service and adjusts the service date accordingly to ensure longevity payment is appropriate. Human Resources will revise the onboarding process to include a reference check to the state's Employment History Application.



Purchase Transactions

Auditors developed a sample of 25 purchase transactions totaling \$4,955,487.09 to ensure the University 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 in this group.

Contract Transactions

Auditors developed a sample of nine contract transactions totaling \$2,344,965.06 belonging to two contracts valued at \$2,312,015.15 and \$6,117,150.17 to ensure the University complied with the GAA, eXpendit, its own [Contract Management Handbook](#), pertinent statutes and best business practices. The University is not required to comply with the [State of Texas Procurement and Contract Management Guide](#) in its entirety, but decided to follow the guide in accordance with the University's policies and procedures, so this report refers to the guide for applicable best business practices. Audit tests revealed the following exceptions in the contract transactions.

Contract	Amount	Type of Service	Procurement Cycle				
			Planning	Procurement Method Determination	Vendor Selection	Contract Formation/Award	Contract Management
Lydick-Hooks Roofing	\$624,157.17		No exceptions	No exceptions	<ul style="list-style-type: none"> Failure to report contract to the Legislative Budget Board. Missing contract development and contract management documentation. Inadequate contract value estimate. Missing Texas Ethics Commission Certificate of Interested Parties (Form 1295). Missing Conflict of Interest Disclosure form. Missing State Auditor's Office nepotism disclosure statement. Missing vendor compliance verifications. 	No exceptions	Prompt payment and payment scheduling errors



Contract	Amount	Type of Service	Procurement Cycle				
			Planning	Procurement Method Determination	Vendor Selection	Contract Formation/Award	Contract Management
Elsevier BV	\$1,720,807.89		No exceptions	No exceptions	<ul style="list-style-type: none"> Failure to report contract to the Legislative Budget Board. Missing Texas Ethics Commission Certificate of Interested Parties (Form 1295). Missing Conflict of Interest Disclosure form. Missing State Auditor's Office nepotism disclosure statement. Missing vendor compliance verifications. 	No exceptions	No exceptions

Failure To Report Contracts to the Legislative Budget Board

The University did not report one contract to the LBB and another contract was not posted on the LBB's website as required. [GAA, Article IX, Section 7.04](#) requires a state agency that receives an appropriation under the GAA to report any contract valued at \$50,000 or more to the LBB, even those expending only non-appropriated funds. Article IX, Section 7.12(d)(1) requires agencies to submit copies of all contract documents, including the award, solicitation documents, renewals, amendments, addendums, extensions, attestation letters, appendices, attachments, requests for proposals, invitations to bid or comparable solicitations and certain types of supporting records. Contracts initially reported to the LBB database do not have to be re-posted on the web under [Texas Government Code, Section 2261.253\(g\)\(1\)](#). This contract was valued at more than \$1 million, the threshold for a major project. The contract and its request for proposal must be published for public transparency.

Recommendation/Requirement

The University must report in full compliance with the [LBB Contract Reporting Guide](#).

University Response

Procurement Services is reliant on various systems to collect data to compile the required reports for the Legislative Budget Board. Procurement Services is going to review and establish an improved process for collecting data and reporting in compliance with statutory and General Appropriation Act requirements.



Missing Contract Development and Contract Management Documentation

Auditors identified one contract that lacked essential planning documentation such as:

- Contract review team list.
- Risk assessment.
- Management analysis.
- Contract administration plan.
- Acquisition plan.
- Contract manager's quality assessment plan (QAP).
- Master contract file checklist.

These documents are required by the University's handbook and recommended by the state's procurement guide. The contract file was also missing evidence of timely and complete receipt of proposals during the bidding process. The University cannot provide a cause for this omission.

Responses from vendors must be received on or before the due date in the solicitation. To ensure fairness, the University must evaluate responses for qualification and perform selection analysis before the award process. The University must properly document each step and retain the documentation in the contract file.

The University provided only a complete version of the winning offer. See the [State of Texas Procurement and Contract Management Guide](#) – Solicitation – Receipt and Control of Responses. Without receipts of timely proposals and documentation of which proposals passed the qualification evaluation and which did not, auditors could not determine if the procurement process was competitive, transparent and fair.

The acquisition plan and other planning documents ensure the University solicits, negotiates, executes and manages each procurement in a way that delivers the best value to the state and the University's stakeholders. They also ensure the contract requirements are satisfied, the goods are delivered or the services are rendered timely, the financial interests of the agency are protected, and the bidding process is fair and competitive.

The QAP helps the contract manager assess risk and monitor deliverables and milestones after contract execution. See best business practices described in the [State of Texas Procurement and Contract Management Guide](#) – Procurement Planning and Contract Management Sections.

Recommendation/Requirement

To follow best contracting practices and ensure successful procurements and appropriate transitions from contract development to management and monitoring, the University should develop acquisition measures and contract monitoring tools and maintain those



records in the contract files. The University must conduct a qualification evaluation immediately after the contract's proposal deadline. This review should include a check for records of proposal receipts indicating time and date and the inclusion of the process in the contract file.

University Response

Procurement Services is currently working with the TTU System Office of General Counsel to revise the TTU System Contract Management Handbook. The changes will reflect the procedures that provide best value to an institution of higher education and the resources available to manage the contract and procurement processes.

Inadequate Contract Value Estimate

The University did not document the estimate of one contract value, which at the moment of the review was already over \$1 million, a threshold triggering additional procurement requirements that were not performed for the contract. The University used a purchase order (PO) and invoice basis for the contract by each roof repaired, separating the total dollar value of the contract. The University should have combined all POs and invoices into a single contract value estimation. The University had no explanation for splitting similar repair services into different POs.

For reporting, review and delegation requirements, [34 Texas Administration Code Section 20.25\(b\)\(13\)](#) defines contract value as "the estimated dollar amount that an agency may be obligated to pay" for a contract and its amendments, extensions and renewals over its complete term. Institutions of higher education are not exempt from that requirement.

Recommendation/Requirement

The University must develop a cost estimate and make an initial determination of the funding source that will be used for the procurement during the procurement planning phase. Depending on the procurement, the University may develop a cost estimate from a vendor's advertised price list, through online research, or using standardized estimation methods and based on historical spend. The purchaser may contact someone in the agency with knowledge in the subject area to assist with the cost estimate. The cost estimate must be developed in good faith as it will be used not only in the selection of the appropriate procurement method, but also for compliance with statutory requirements that may be applicable to the purchase based on contract value, funding source or expenditure restrictions and prohibitions. See [State of Texas Procurement and Contract Management Guide](#) – Procurement Planning – Cost Estimate for best practices.



University Response

Procurement Services is currently working with the TTU System Office of General Counsel to revise the TTU System Contract Management Handbook. The changes will reflect the procedures that provide best value to an institution of higher education and the resources available to manage the contract and procurement processes.

Missing Texas Ethics Commission Certificate of Interested Parties (Form 1295)

Auditors identified one contract missing the required Texas Ethics Commission (TEC) Certificate of Interested Parties (Form 1295). Contracts valued at \$1 million or more require an action to complete TEC Form 1295. Before contract award, the vendor must submit a completed, signed form to the agency with the certificate of filing number and date. The contract developer then acknowledges the form at the TEC website. It is best practice to mention Form 1295 in the solicitation to allow the vendor to gather the pertinent information early in the process.

Recommendation/Requirement

The University must ensure vendors involved in award contracts of \$1 million and more complete Form 1295 on the [TEC website](#).

University Response

Procurement Services revised the contract checklist in April 2019 during the audit when we became aware of this issue. The Ethics Certification form is now required on all contracts that exceed \$1,000,000 or that require an action or vote by the governing body. Workflows were developed in the e-procurement system for additional review of transactions over a certain threshold.

Missing Non-Disclosure Agreements and Conflict of Interest Disclosures

The required non-disclosure agreements and conflict of interest disclosures are missing.

Auditors identified one contract missing the required contract evaluation committee members' signed non-disclosure agreements. There was also no documentation that the University asked whether any of the committee members had an actual or potential conflict related to the submitted responses.

To safeguard the integrity of the evaluation process, individuals serving on an evaluation committee or as technical advisors must sign a non-disclosure agreement before receiving the responses or participating in evaluation committee activities. The University must also conduct a due diligence inquiry into the evaluation committee members' and technical advisors' actual and potential conflicts of interest related to the submitted responses.



The University may use its own conflict of interest statement for compliance with conflict of interest disclosure requirements specified by law or University policy. Any actual or potential conflicts of interest must be reported promptly to University legal counsel. See [Texas Government Code, Section 2261.252](#) and [State of Texas Procurement and Contract Management Guide](#) – Non-Disclosure Agreements and Conflict of Interest Disclosures.

Recommendation/Requirement

The University must ensure that all required procurement related non-disclosure agreements and conflict of interest disclosures for any contract or bid for the purchase of goods or services from a private vendor are documented in the contract file.

University Response

Procurement Services revised the contract checklist in April 2019 during the audit when we became aware of this issue. The Non-Disclosure Agreement and Conflict of Interest form is now required for any participant in the solicitation process for the purchase of goods or services from a private vendor. Documentation is retained in the digital file in the Procurement Services office.

Missing State Auditor's Office Nepotism Disclosure Statement

Auditors identified one contract without signed State Auditor's Office (SAO) nepotism disclosure statements, which have been required since 2005. Per [Texas Government Code, Section 2262.004](#), all procurement personnel working on contracts valued at \$1 million or more must disclose any relationship with the selected vendor (or any employee, stockholder, contractor, etc.) to the administrative head of the agency on a form prescribed by the SAO as soon as the procurement process starts. See [State of Texas Procurement and Contract Management Guide](#) – Agency Review of Required Disclosures – SAO Nepotism Disclosure Statement for Purchasing Personnel.

Recommendation/Requirement

The University must ensure that all procurement personnel involved in awarding contracts of at least \$1 million sign the SAO disclosure statement found on the [SAO website](#), and must retain the signed statements in the contract file.

University Response

Procurement Services revised the contract checklist in April 2019 during the audit when we became aware of this issue. The State Auditor's Office Nepotism Disclosure Statement is now required for any participant involved in awarding a contract of \$1,000,000 or more. The document is routed electronically for digital signature(s) and the documentation is retained in the Procurement Services office.



Missing Vendor Compliance Verification

Auditors identified one contract lacking a complete checklist of vendor compliance verification (VCV) documents. The agency must provide a screen print showing it performed each verification.

Warrant/Payment Hold Check

The agency must check a vendor's warrant hold status if the transaction involves a written contract, if payment is made with local funds, or if a payment card purchase is over \$500. The agency cannot proceed with a local funds purchase or a payment card purchase over \$500 until the warrant hold has been released. For transactions involving a written contract, the warrant hold check must be performed no earlier than the seventh day before and no later than the date of contract execution. If the vendor is on warrant hold, the agency may not enter into a written contract with the vendor unless the contract requires payments under the contract to be applied directly toward eliminating the vendor's debt. Although payments made through the USAS are automatically checked for holds and the system identifies payments issued to vendors with outstanding state debt, this does not relieve an agency from conducting the warrant hold status check, per [Texas Government Code, Section 2252.903](#). See [eXpendit – Restricted Expenditures – Persons Indebted to the State](#).

System for Award Management Check

The University is not exempt from this requirement; it must conduct each VCV search and save a printout of the dated searches before any purchase, procurement operation, contract award, extension or renewal. The University must check the specially designated nationals (SDN) list before any contract award to ensure it does not award contracts to any person or vendor whose name appears on the list, and must retain a dated copy of the review results in the procurement file.

Recommendation/Requirement

The University must conduct required VCV searches and save a printout of the dated searches in the procurement file before any purchase, procurement operation, contract award, extension or renewal.

University Response

Texas Tech University adopted Visual Compliance ("VC") software in June 2017. The software allows agencies to submit vendors to VC for review against all of the national sanction lists. Once the vendor name is in the review database, any changes to the vendor's status are submitted to TTU for review. The Supplier Services team reviews all data and updates records daily for any sanction list matches. Since the audit, TTU has worked with Visual Compliance to also include the Comptroller's Divestment and debarred vendor lists in the sanction searches.

TTU maintains documentations of all VC searches and record updates received from VC.



Prompt Payment and Payment Scheduling Errors

Late Payment

According to the prompt payment law, Texas Government Code, Section 2251.021(a), a government entity's payment is overdue on the 31st day after the later of:

- The date the entity receives the goods under the contract.
- The date the performance of the service under the contract is completed.
- or –
- The date the entity receives an invoice for the goods or service.

The Comptroller's office computes and automatically pays any interest due under the prompt payment law when the Comptroller's office is responsible for paying the principal amount on behalf of the agency. See [Texas Government Code, Section 2251.026](#) and [eXpendit](#) – Prompt Payment.

During the audit period, the University paid vendors \$4,899.72 in prompt payment interest. Auditors identified two purchase transactions in the sample that the University paid late, but did not pay the interest of \$202.61 to the vendors. According to the University, staff thought these were federal funds and not subject to the prompt payment law.

Early Payment

[Texas Government Code, Section 2155.382\(d\)](#), authorizes the Comptroller's office to allow or require state agencies to schedule payments that the Comptroller's office will make to a vendor. The Comptroller's office prescribes the circumstances under which advance scheduling of payments is allowed or required; however, the Comptroller's office must require advance scheduling of payments when it benefits the state. In one instance, the University paid early, resulting in a \$78.84 interest loss to the state.

Recommendation/Requirement

The University must review its procedures to ensure it both submits payment information for processing and releases payments in a timely manner to avoid incurring interest liabilities. In addition, the University must verify it enters proper due dates to ensure that, if interest is due, it is paid correctly to vendors. See [eXpendit](#) – FPP I.005.

Also, to minimize the loss of earned interest to the state, the University must schedule all payments over \$5,000 for the latest possible distribution in accordance with its purchasing agreements as described in [eXpendit](#) – Payment Scheduling.



University Response

Procurement Services trains departments to submit invoices in a timely manner and prepare the required receiving reports in order to have a three-way match. TTU will adjust the payment dates to prevent any early payments, except in the event there is a discount recognized.

Travel Transactions

Auditors developed a sample of 20 travel transactions totaling \$7,081.42 to ensure the University complied with the GAA, [Textravel \(FPP G.005\)](#), pertinent statutes and Comptroller requirements. Audit tests revealed no exceptions in these transactions.

Fixed Assets

Auditors developed a sample of seven transactions to test for accurate reporting and to verify the existence of assets. All assets tested were in their intended locations and properly recorded in the State Property Accounting (SPA) system. Audit tests revealed no exceptions in these transactions.

Internal Control Structure

The review of the University's segregation of duties was limited to obtaining reports identifying current user access. The review did not include tests of existing mitigating controls. The tests conducted revealed no exceptions in user access.

Security

The audit included a security review to identify any of the University's employees with security in USAS or on the voucher signature cards who were no longer employed or whose security had been revoked. The University must observe certain deadlines at an employee's termination or revocation so security can be revoked in a timely manner. Audit tests revealed the following exceptions.

Failure To Request Security Access Removal

During the audit period, the University did not submit a timely request to the Comptroller's office to remove two employees' USAS security to electronically approve expenditures. The request must be sent on or before the effective date of a termination or revocation. In this case, the security requests were sent one and six days late respectively. The University had submitted the requests, but they were not processed in the time required by the Comptroller's office. No payments were processed by the employees after termination or authority expired.



When an employee's authority to approve expenditures is revoked for any reason, the employee's security profile must be changed no later than the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the agency. See [34 Texas Administrative Code Section 5.61\(k\)\(5\)\(A\)-\(B\)](#).

Recommendation/Requirement

The University must request removal from the Comptroller's office no later than the employee's termination date. The University must ensure the person responsible for sending termination notifications to the Comptroller's office is aware of termination dates and will follow up with the Comptroller's office to ensure receipt and that revocation occurred.

University Response

The responsible unit has worked with associated agency units to ensure clear and timely communication to the agency's Security Coordinator in the event of an impact to employees' USAS access, including changes to duties or termination. Planned separations from the agency are communicated through a future-dated termination ePAF, which is monitored by the Security Coordinator on a daily basis. In cases of unplanned or day-of terminations, the hiring unit will directly inform the Security Coordinator with sufficient time to allow for same-day access revocation.

Failure To Notify Comptroller To Remove Employee from Signature Card

During the audit period, the University failed to notify the Comptroller's office in a timely manner about the termination of an employee who had been designated to approve expenditures. The request to remove the employee from the signature card was sent one day late, so the former employee could have approved paper vouchers submitted to the Comptroller's office during that time. Any payment produced by a paper voucher approved by a terminated employee would constitute an unapproved expenditure. Auditors determined no unapproved documents were processed during the audit period. The University has procedures to notify the security coordinator of personnel actions. In this instance, not processing the request to remove the employee from the signature card was an oversight.

When a designated employee terminates employment with an agency, the Comptroller's office must receive notification no later than the fifth day after termination. Any officer or employee may send the Comptroller's office that notification. See [34 Texas Administrative Code Section 5.61\(k\)\(3\)\(B\)](#).



Recommendation/Requirement

The University must ensure compliance with the terminated employee security revocation requirements. It must also ensure the person responsible for sending revocation notifications to the Comptroller's office is aware of employee terminations on or before the revocation dates and will follow up with the Comptroller's office to ensure receipt of the notification and that revocation occurred.

University Response

The DMFR department has updated its processes to ensure Signature Card authority is revoked within five (5) calendar days in the event of termination or within ten (10) calendar days in the event of authorization revoked but individual not terminated. Additionally, Texas Tech's Security Coordinator will attend annual Security Coordinator Training to ensure a complete understanding of responsibilities and requirements.



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 Reporting System (SPRS),
 - Human Resource Information System (HRIS) or
 - Centralized Accounting and Payroll/Personnel System (CAPPS).
- 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 Tech University (University) payroll, purchase and travel transactions that processed through USAS from Sept. 1, 2017, through Aug. 31, 2018, to determine compliance with applicable state laws.

The University received 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 University should implement the recommendations listed in the Detailed Findings of this report. It is the University'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 University's documents comply in the future. The University 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, and relies on professional judgment to select areas the auditor considers high risk.

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

Jesse Ayala, Lead Auditor

Max Viescas, CTCD

Raymond McClintock

Alberto Lañas, MBA, CTPM, CTCD



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.