



An Audit of the Texas State Board of Public Accountancy

Audit Report # 457-20-01
March 9, 2022

Glenn Hegar
Texas Comptroller of Public Accounts



Table of Contents

Executive Summary

Purpose and Scope.....	1
Background.....	1
Audit Results.....	1
Key Recommendations	3

Detailed Findings

Payroll Transactions	4
Purchase/Procurement and Contract Transactions	4
Missing Contract Planning and Contract Management Documentation	5
Missing Centralized Master Bidders List (CMBL) Solicitation.....	6
Missing Conflict of Interest Disclosures.....	7
Missing Pre-Award Vendor Performance Tracking System (VPTS) Check/Failure To Report to VPTS ...	8
Qualification Evaluation and Bid Tabulation Criteria Not Followed.....	9
Missing Vendor Compliance Verifications (VCVs)	10
Debarred Vendor List Not Verified.....	10
Missing System for Award Management Check	10
Iran, Sudan and Foreign Terrorist List Organization Check.....	10
Boycott Israel Check.....	11
Warrant Hold Check.....	11
Travel Transactions	12
Missing Travel Documentation	12
State Travel Card Not Used for Airfare.....	13
Grant Transactions.....	14
Fixed Assets.....	14
Security	14
Internal Control Structure	14
Appendices	
Appendix 1 — Objectives, Scope, Methodology, Authority and Team.....	15
Appendix 2 — Definition of Ratings	17



Executive Summary

Purpose and Scope

The objectives of this audit were to determine whether the Texas State Board of Public Accountancy (Board):

- 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, 2018, through Aug. 31, 2019.

Background

The Board regulates the practice of public accountancy in Texas by requiring that professionals issued certified public accountant (CPA) certificates have the necessary education, skills and capabilities to perform competently in the profession of public accountancy.

The Board examines, certifies and licenses CPAs to ensure that every person who practices public accountancy in Texas meets specific eligibility requirements.

Texas State Board of Public
Accountancy website

<http://www.tsbpa.state.tx.us/>

Audit Results

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

Auditors noted no recurring issues from the last post-payment audit issued in July 2014. An overview of audit results is presented in the following table.

Table Summary

Area	Audit Question	Results	Rating
Payroll and Salary Per Diem Transactions	Did payroll and salary per diem transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
<u>Purchase/Procurement and Contract Transactions</u>	Did purchase/procurement and contract transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Missing Centralized Master Bidders List solicitation. • Missing contract planning and contract management documentation. • Missing conflict of interest disclosures • Missing pre-award VPTS check/ failure to report to VPTS. • Qualification evaluation and bid tabulation criteria not followed. • Missing VCV. 	Compliant, Findings Issued
<u>Travel Transactions</u>	Did travel transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Missing travel documentation. • State travel card not used for airfare. 	Compliant, Findings Issued
Grants	Did the grant payments comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Fixed Assets	Were tested assets in their intended locations and properly reported in the State Property Accounting system?	No issues	Fully Compliant
Security	Are Board employees who are no longer employed or whose security was revoked properly communicated to the Comptroller's office?	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



Key Recommendations

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

- The Board should reevaluate and improve its contracting and procurement process and its procurement planning process to meet the applicable requirements.
- The Board must use the Centralized Master Bidders List (CMBL) for all purchases, including services that require competitive bidding or competitive sealed proposals, and must include a dated copy of the search results in the contract file as well as documentation that Board staff alerted the listed pre-qualified vendors about the business opportunity.
- The Board should develop acquisition procedures and contract monitoring tools, and must maintain all records in its contract files.
- The Board must ensure staff completes all required conflict of interest certifications for any contract or bid with a private vendor for the purchase of goods or services.
- The Board should enhance its policies and procedures to evaluate vendor performance reports before awarding a contract. Staff must include a dated copy of the review results in the procurement file.
- The Board must obtain bids from qualified vendors for all services over \$5,000. Staff must tabulate all bids and retain all documentation related to the procurement process.
- The Board must conduct each vendor compliance verification (VCV) search before any purchase, procurement operation, contract award, extension or renewal, and must include a printout of the dated searches in the procurement file.
- The Board must ensure travel vouchers include documentation that staff used the most cost-efficient method of travel. It must also note any approved exceptions to the use of contract travel services in the travel voucher.
- The Board must ensure it charges all airfare to the state-issued travel credit card.



Detailed Findings

Payroll Transactions

Auditors developed a sample totaling \$177,823.92 from a group of 20 employees and 46 payroll transactions to ensure the Board complied with the GAA, [Texas Payroll/ Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Auditors also reviewed a limited sample of 13 voluntary contribution transactions and revealed no exceptions.

Purchase/Procurement and Contract Transactions

Auditors developed a sample of 20 purchase/procurement transactions totaling \$235,441.24, as well as six transactions totaling \$9,249 from two vendor contracts, to ensure the Board complied with the GAA, [eXpendit \(FPP I.005\)](#), its own contract management handbook and pertinent statutes in effect at the time, and best business practices applicable the entire term of the agreements. Audit tests revealed the following exceptions in the purchase/procurement and contract transactions.

Contract	Amount	Type of Service	Procurement Cycle				
			Planning	Procurement Method Determination	Vendor Selection	Contract Formation/Award	Contract Management
Contract A	\$24,000	Professional Services/ Software and Technology Consulting	No exceptions	Missing CMBL solicitation	<ul style="list-style-type: none"> Missing conflict of interest disclosure forms. Missing pre-award VPTS check/failure to report to VPTS. 	Missing VCV	No exceptions
Contract B	\$49,992	Professional Services/ Software and Technology Consulting	<ul style="list-style-type: none"> Missing contract planning and contract management documentation. 	<ul style="list-style-type: none"> Missing CMBL solicitation. 	<ul style="list-style-type: none"> Missing conflict of interest disclosure forms. Missing pre-award VPTS check/failure to report to VPTS. Qualification evaluation and bid tabulation criteria not followed. 	Missing VCV	No exceptions



Missing Contract Planning and Contract Management Documentation

Auditors noted that a contract for remote backup and synchronization services did not contain evidence of timely and complete receipt of proposals during the bid progression. According to the Board, it issued a purchase order and not a contract for the remote backup and synchronization service. The Board added that it has improved its solicitation and contracting processes to correct these errors. The Board must receive all vendor responses on or before the solicitation due date. To ensure fairness to all respondents, the Board must open and evaluate all submitted responses for qualification. The next phase is selection analysis, then finally the award process. Staff must document each step and retain documentation in the contract file. The Board provided complete documentation for only the winning offer. See the [State of Texas Procurement and Contract Management Guide](#) – Solicitation – Receipt and Control of Responses. Without documentation of when proposals were received, how many of those proposals passed the qualification evaluation and why, and how many did not qualify, auditors could not determine if the process met the required levels of lawfulness, transparency, competitiveness and equality.

Recommendation/Requirement

The Board should reevaluate and improve its contracting and procurement/procurement planning processes to ensure they meet applicable requirements.

To ensure successful procurements and transitions from contract development to management and monitoring, the Board should develop acquisition measures, such as qualification evaluation and contract monitoring tools, and maintain the complete records in the contract files. The Board must conduct a qualification evaluation immediately after the proposal deadline for the contract. This review should include a check for proposal receipts indicating time and date, and all evaluation documents should be included in the contract file.

See the [State of Texas Procurement and Contract Management Guide](#) – Procurement Planning – Cost Estimate for best business practices.

Board Response

The purchase order involved one vendor — the auditors combined three fiscal years of this purchase order (FY s 2017, 2018, and 2019). For clarity, we will refer to this purchase order as PO #1 Vendor A as this purchase order is referenced multiple times in this report.

The vendor was evaluated according to answers provided in the request for offer. Only one vendor responded to the request for offer, a bid tabulation or comparative analysis was not needed.



Additionally, the agency requested and received a Department of Information Resources Exemption for this transaction. As of June 2019, the agency no longer utilized the vendor for this service.

Personnel follow guidelines in the State of Texas Procurement and Contract Management Guide to ensure proper documentation is included in the contract files.

Contracts are monitored on a monthly basis.

Missing Centralized Master Bidders List (CMBL) Solicitation

The Board did not perform a CMBL search of eligible suppliers for one purchase/procurement transaction. Additionally, for two contracts reviewed, the Board did perform a CMBL search but could not produce a dated copy. The Board stated these were oversights.

The CMBL is a database of registered vendors who have provided contact information and a list of the goods and services they offer. Vendors pay a nominal annual fee to receive notification of opportunities for solicited commodities and/or services through an invitation for bid, request for proposal, request for offer or request for qualifications. Unless exempted by law, agencies must use the CMBL for all procurements subject to the authority of the Statewide Procurement Division (SPD). Agencies must also use the CMBL to gather information for noncompetitive procurement processes and vendor performance data.

Agencies must print the awarded vendor's CMBL profile showing the date for file documentation. See the [State of Texas Procurement and Contract Management Guide – Centralized Master Bidders List](#) for best business practices. Agencies must retain proof that they checked the CMBL system before awarding or renewing a contract. See [Texas Government Code, Sections 2155.263-2155.264](#) and [34 Texas Administrative Code, Section 20.107\(g\)](#).

Recommendation/Requirement

The Board must use the CMBL for all purchases, including services, for which competitive bidding or competitive sealed proposals are required. A dated copy of the CMBL search results from the specified website must be included in the contract file as evidence of the vendor search, as well as documentation that the listed pre-qualified vendors were alerted to the business opportunity.

Board Response

The two purchase orders involved one vendor – the auditors combined three fiscal years of each purchase order (FYs 2017, 2018, and 2019). (PO #1 Vendor A, PO #2 Vendor A). The purchase document (PDOC) involved one vendor during this time period – FY 2019. (PDOC #1 Vendor C).



PO #1 Vendor A, PO #2 Vendor A: The agency used the CMBL for these two purchase orders but did not include a dated copy of the CMBL search results.

The two purchase orders were issued based on evaluation of the responses to the request for offers. TSBPA received one response for each Request for Offer (RFO). The agency requested and received Department of Information Resources Exemptions for these transactions.

PDOC #1, Vendor C: This transaction involved the continuation of software maintenance on licenses/subscription used on the existing web infrastructure existing at the time of this audit. The maintenance required was paid on an annual basis to obtain assistance and automatic upgrades included in the price. The servers operate on the agency's IBM iSeries and the licenses operate the website and the web applications.

The agency requested and received a Department of Information Resources Exemption for this transaction. A request for offer was not needed since the purchase was for software maintenance.

Personnel follow guidelines in the State of Texas Procurement and Contract Management Guide to ensure proper documentation is included in the purchasing and contract files. Purchasing agents have and will continue to use the CMBL list. Purchasing agents will assure printed material needed for the purchasing and contract file are dated.

Missing Conflict of Interest Disclosures

Two contracts and a purchase transaction were missing the required evaluation committee or technical advisors' conflict of interest forms. According to the Board, conflict of interest forms are signed on a yearly basis and are in personnel files; they are not signed for each contract. The Board also stated the professional services contracts contain provisions requiring consultants to immediately notify the general counsel if the consultant becomes aware of any conflict of interest.

The Board must 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 Board may use its own conflict of interest statement to comply with conflict of interest disclosure requirements specified by law or Board policy. Any actual or potential conflicts of interest must be reported promptly to Board legal counsel. See [Texas Government Code, Section 2261.252\(a-1\)](#) and [State of Texas Procurement and Contract Management Guide](#) – Non-Disclosure Agreements and Conflict of Interest Disclosures.

Recommendation/Requirement

The Board must ensure all required conflict of interest disclosures for any contract or bid for the purchase of goods or services from a private vendor are completed by all involved employees and documented in the contract file.



Board Response

PO #1 Vendor A, PO #2 Vendor A and PDOC #1 Vendor B.

Personnel follow guidelines in the State of Texas Procurement and Contract Management Guide to ensure proper documentation is included in the contract files. All individuals involved in the procurement and contracting process sign a conflict of interest disclosure annually. A conflict of interest will be filled out according the guidelines in the State of Texas Procurement and Contract Management Guide.

Missing Pre-Award Vendor Performance Tracking System (VPTS) Check/ Failure To Report to VPTS

Auditors identified one purchase/procurement transaction that lacked a dated printout of the VPTS verification of the selected vendor's performance record with other state agencies. Auditors also identified two contracts where the Board did not evaluate the vendor performance reports before awarding the contract. According to the Board, the purchaser did not check the VPTS before the award. Reviewing the vendor performance report before awarding a contract allows the Board to identify vendors that have exceptional performance and meet all the contract obligations, while protecting the state from vendors with unethical business practices. The Board 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.

SPD administers the VPTS for use by all ordering agencies per [Texas Administrative Code, Chapter 34, Section 20.115](#). 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 the SPD or any other purchase over \$25,000 made through delegated authority granted by SPD. Ordering entities are also encouraged to report vendor performance for purchases under \$25,000." Agencies must also maintain supporting documentation. See [Texas Government Code, Sections 2155.089](#) and [2262.055](#).

Recommendation/Requirement

The Board should enhance its policies and procedures to ensure staff evaluates vendor performance reports 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. See [State of Texas Procurement & Contract Management Guide](#) – Vendor Selection – Vendor Performance Tracking System Check.



Board Response

PO #1 Vendor A, PO #2 Vendor A and PDOC #1 Vendor B.

Personnel follow guidelines in the State of Texas Procurement and Contract Management Guide to ensure proper documentation is included in the contract files. Purchasing agents review and evaluate vendor performance reports. Reports are included in the contract files.

Qualification Evaluation and Bid Tabulation Criteria Not Followed

Auditors identified one purchase transaction in which the Board did not provide documentation of proposals completed and received on time during the solicitation. They also identified one contract missing the qualification evaluation, bid tabulations and documentation that the Board followed procurement procedures by obtaining bids from multiple vendors.

The bid or proposal solicitation document is the first official notice to vendors that an ordering entity intends to procure a good or service. The solicitation document serves as the official explanation of the ordering entity's requirements and how the vendor(s) will be selected. It is crucial that the Board include terms and conditions specific to the agency's solicitation, regardless of the type of solicitation document used. See [34 Texas Administrative Code Section 20.214](#) and the [State of Texas Procurement and Contract Management Guide](#) – Evaluation – Bid Tabulation Process.

All vendor responses must be received on or before the due date stipulated in the solicitation. Then the ordering entity must evaluate them for qualification, then conduct a comparative analysis or bid tabulation before the award phase. See the [State of Texas Procurement and Contract Management Guide](#) – Solicitation – Receipt and Control of Responses. Without evidence in the contract file of when proposals were received, whether each passed the initial qualification for the bid round, and why some did not qualify, auditors could not determine if the process exhibited the required level of competitiveness, transparency and equality.

The Board must use the open market informal solicitation method for all contracted services between \$5,000 and \$25,000. Open market formal solicitation is used for agency-administered open market purchases of services over \$25,000 and for commodities if delegated by SPD or through statutory authority specific to an agency. See the [34 Texas Administrative Code Section 20.82](#).

Obtaining bids from multiple vendors decreases the risk that the Board will overpay for services and might also result in a more qualified vendor being used.

Recommendation/Requirement

The Board must obtain bids from qualified vendors for all services over \$5,000. It must tabulate all bids and retain documentation related to the procurement process.



Board Response

PO #2 Vendor A and PDOC #1 Vendor B.

The agency requested and received a Department of Information Resources Exemption for both of these transactions.

Regarding PO #2 Vendor A, the vendor was evaluated according to answers provided in the request for offer. Only one vendor responded to the request for offer, therefore a bid tabulation or comparative analysis was not needed.

Personnel follow guidelines in the State of Texas Procurement and Contract Management Guide to ensure proper documentation is included in the purchasing file. Purchasing agent will request bids and tabulate bids as necessary.

As of Sept. 1, 2021, the threshold has increased to \$10,000 and the agency will properly document bids received for the purchasing file.

Missing Vendor Compliance Verifications (VCVs)

Auditors identified three purchase transactions and two contracts where the Board was unable to provide a complete checklist of VCV documents. The Board must provide a screen print showing it performed each verification. According to the Board, staff reviewed the VCVs but did not print them for the procurement file.

Debarred Vendor List Not Verified

Auditors identified two purchase transactions and two contracts where the Board did not verify whether the vendor was on the [Debarred Vendor List](#). An agency may not award a contract to a debarred vendor. See [Texas Government Code, Section 2155.077](#).

Missing System for Award Management Check

Auditors noted one purchase transaction where the Board was unable to provide the System for Award Management (SAM) check. State agencies must check the SAM database to verify the vendor is not excluded from grant or contract participation at the federal level. A contract cannot be awarded to a vendor named on the U.S. Treasury Board, Office of Foreign Assets Control's master list of specially designated nationals and blocked persons (with limited exceptions noted in the order). See [Presidential Executive Order 13224](#).

Iran, Sudan and Foreign Terrorist List Organization Check

For two purchase transactions and two contracts, the Board was unable to provide proof that it performed the Iran, Sudan and foreign terrorist list organization check. Government entities may not contract with a company doing business with Iran, Sudan



or a foreign terrorist organization. See [Texas Government Code, Section 2252.152](#). Each agency must check the divestment lists before contract award to determine if the potential awardee is in violation of this requirement. See [Texas Government Code, Sections 2252.153](#) and [2270.0201](#). The divestment lists are maintained by the Texas Safekeeping Trust Company and posted to the Comptroller's [Divestment Statute Lists](#) webpage. If the business is in violation, the contract may not be awarded to that vendor.

Boycott Israel Check

For two purchase transactions and two contracts, the Board was unable to provide the boycott Israel check. Government entities may not contract with a company for goods or services unless the contract contains a written verification from the company that it does not boycott Israel and will not boycott Israel during the term of the contract. See [Texas Government Code, Section 2271.002](#). The divestment lists are maintained by the Texas Safekeeping Trust Company and posted to the Comptroller's [Divestment Statute Lists](#) webpage. See [Texas Government Code, Section 808.051](#). If the potential awardee is on the list, the contract may not be awarded to that vendor.

Warrant Hold Check

Auditors noted one purchase transaction where the Board could not provide the warrant hold check. The agency must check a vendor's warrant hold status if:

- The transaction involves a written contract.
- Payment is made with local funds.
- The payment card purchase is over \$500.

The agency cannot make a purchase with local funds or make a payment card purchase over \$500 until the warrant hold has been released. For transactions involving a written contract, an agency must perform the warrant hold check 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 award a written contract to the vendor unless the contract requires payments under the contract to be applied directly toward eliminating the vendor's debt, and that the requirement applies to any debt or delinquency, regardless of when it arises. Although payments made through the Uniform Statewide Accounting System (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](#).

Recommendation/Requirement

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



Board Response

PO #1 Vendor A, PO #2 Vendor A

PDOC #1 Vendor B

PDOC #2 Vendor C

PDOC #3 Vendor D

Personnel follow guidelines in the State of Texas Procurement and Contract Management Guide to ensure proper documentation is included in the purchasing and contract files.

Purchasing agents print dated material to include in the purchasing or contract file.

The agency did in fact verify the items included in the Vendor Compliance Verification but did not print each screen of the multiple verification checks.

We would respectfully recommend to the Comptroller that an automated electronic system be developed to satisfy this paper intensive process. For example, an automated system would provide the opportunity for the agency purchaser to input the name of the potential vendor and receive an automated response of the results of the multiple verification checks.

Travel Transactions

Auditors developed a sample of 20 travel transactions totaling \$3,071.88 to ensure the Board complied with the GAA, [Textravel \(FPP G.005\)](#) and pertinent statutes. Audit tests revealed the following exceptions in the travel transaction sample.

Missing Travel Documentation

Auditors identified six travel transactions lacking documentation to support the expense. In three of the six transactions, the Board reimbursed board and advisory members for mileage while operating personal vehicles to conduct official business. However, based on the applicable car rental rates, related taxes, cost of gas and standard mileage rates in effect at the time of travel, it would have been more cost-effective for the travelers to use rental vehicles. Per the Board, it considers all relevant circumstances listed in [Texas Government Code, Section 660.007\(a\)](#) and does not require board and committee members to submit rental car vs. personal vehicle comparisons. The Board added that it adheres to the federal rates provided by the General Services Administration in accordance with the Comptroller's [Textravel](#) webpage. Per the Board, it did not reimburse for more than the state-contracted rates. However, the travel vouchers did not include any documentation proving the Board considered all relevant circumstances. [Texas Government Code, Section 660.007\(a\)](#) requires a state agency to minimize the amount of travel expenses paid or reimbursed by the agency. Agencies must ensure staff examines all travel reimbursements before payment to comply with all applicable regulations and limitations. See [Textravel - General - Responsibilities](#).



The Board also did not use a contracted state travel agency for airfare in the remaining three transactions. Per the Board, in instances where a contracted state travel agency was not used, it was because the traveler used a lower airfare rate than the state contracted rate. However, the travel vouchers neither documented the price comparisons nor noted any exceptions. Agencies must use contract travel services through the [State Travel Management Program](#) unless granted an approved exception. The exception must appear on or be included with the travel voucher. See [34 Texas Administrative Code, Section 20.408](#).

Recommendation/Requirement

The Board should update its policies and procedures to implement a cost analysis policy to ensure it uses the most cost-efficient method of travel. This cost analysis should be made before management approval and included as supporting documentation. In addition, the Board must use state-contracted travel services when booking airfare or ensure the travel voucher includes an approved exception to using contract travel services.

Board Response

The Texas State Board of Public Accountancy is self-funded in accordance with Texas Government Code, Chapter 472, and as such the agency's practice is to conserve funds whenever possible. Taking advantage of a rate lower than the contract rate complies with Texas Government code, Section 660.007(a), which requires a state agency to minimize the amount of travel expense paid or reimbursed by the agency. All future Board travel will document when we utilize a travel rate lower than the contract rate.

State Travel Card Not Used for Airfare

Auditors identified three travel transactions where the Board did not use a state travel card for airfare. The travelers used their personal credit cards and requested reimbursement. Per the Board, it chose not to participate in the [State of Texas Commercial Charge Card Program](#) to avoid the risks of unauthorized purchases.

State agencies must use state travel credit cards, issued to individuals or to the agency, in order to use state travel programs (including for airfare) unless one of the exceptions in [34 Texas Administrative Code, Section 20.408](#) applies. Additionally, travel services for airfare must be charged to state travel credit cards. See [34 Texas Administrative Code Section 20.413](#).

Recommendation/Requirement

The Board must charge all airfare to a state-issued travel credit card. Airfare travel arrangements can be made using the agency travel card if the Board does not want to manage individual state travel cards.



Board Response

Based on prior experience in managing unauthorized purchases and due to the risk involved, the agency has not issued travel credit cards. In instances where the Contracted State Travel Agency was not used, it was because the traveler was able to obtain a lower airfare rate than the state contracted rate.

The Texas State Board of Public Accountancy is self-funded in accordance with Texas Government Code, Chapter 472, and as such the agency's practice is to conserve funds whenever possible. Taking advantage of a rate lower than the contract rate complies with Texas Government code, Section 660.007(a), which requires a state agency to minimize the amount of travel expense paid or reimbursed by the agency. All future Board travel will document when we utilize a travel rate lower than the contract rate.

Grant Transactions

Auditors developed a sample of five grant transactions totaling \$174,134.50 to ensure the Board complied with state laws and regulations pertaining to grants and loans. Audit tests revealed no exceptions in these transactions.

Fixed Assets

Auditors reviewed a limited number of fixed assets acquired by expenditures during the audit period to test for accurate reporting and to verify the existence of the 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.

Security

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

At termination or revocation, certain deadlines must be met so security can be revoked in a timely manner. Audit tests revealed no security exceptions.

Internal Control Structure

Auditors reviewed certain limitations that the Board placed on its accounting staff's ability to process expenditures. Auditors reviewed the Board's security in USAS, the Uniform Statewide Payroll/Personnel System (USPS), the Texas Identification Number System (TINS) and voucher signature cards in effect on Jan. 21, 2020. Auditors did not review or test any internal or compensating controls the Board may have relating to USAS, USPS or TINS security, or internal transaction approvals. Audit tests revealed no exceptions.



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
 - The 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 State Board of Public Accountancy (Board) payroll, purchase, procurement and travel transactions that processed through USAS and USPS from Sept. 1, 2018, through Aug. 31, 2019, to determine compliance with applicable state laws.

The Board 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 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.



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

Mayra Castillo, CTCD, Lead Auditor

Melissa A. Hernandez, CTCD, CTCM

Chris Taylor, CIA, CISA

Leticia Dominguez, MBA, CTCD

Alberto Lañas, MBA, CTCD, CTCM



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.