



An Audit of **Texas A&M AgriLife Research**

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Executive Summary

Purpose and Scope

The objectives of this audit were to determine whether Texas A&M AgriLife Research (AgriLife Research):

- Procured contracts according to applicable state laws and Texas Comptroller of Public Accounts (Comptroller's office) requirements.
- Processed payments according to applicable state laws, Comptroller's office 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 Comptroller's office and covers the period from Dec. 1, 2019, through Nov. 30, 2020.

Background

AgriLife Research is the state's leading research agency for agriculture, natural resources and the life sciences. It is part of Texas A&M AgriLife, which is a component of the Texas A&M University System. AgriLife Research was the Texas Agricultural Research Service until its name was changed in 2008.

Texas A&M AgriLife Research website
<https://agriliferesearch.tamu.edu/>

Audit Results

AgriLife Research generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller's office requirements. Auditors found no issues with payroll, property management or internal control structure. However, AgriLife Research should consider making improvements to its purchase, procurement, contract, travel, payment card and security processes.

Auditors noted no recurring issues from the last post-payment audit issued in July 2018. An overview of audit results is presented in the following table.



Table Summary

Area	Audit Question	Results	Rating
Payroll Transactions	Did payroll transactions comply with the GAA, pertinent statutes and Comptroller's office requirements?	No issues	Fully Compliant
<u>Purchase, Procurement, Payment Card (PCard) and Contract Transactions</u>	Did purchase, procurement, PCard and contract transactions comply with the GAA, pertinent statutes and Comptroller's office requirements?	<ul style="list-style-type: none"> • Missing contract documentation. • Failure to report to/post contract on the Legislative Budget Board (LBB) website. • Missing Texas Ethics Commission (TEC) Certificate of Interested Parties (Form 1295). • Missing State Auditor's Office (SAO) nepotism disclosure form. • Missing vendor compliance verification (VCV). • Failure to report to the Vendor Performance Tracking System (VPTS). • Missing documentation. 	Compliant, Findings Issued
<u>Travel Transactions</u>	Did travel transactions comply with the GAA, pertinent statutes and Comptroller's requirements?	Missing statutory authority/improper reimbursement	Compliant, Findings Issued
Fixed Assets	Were tested assets in their intended locations and properly reported in the State Property Accounting system or research inventory?	No issues	Fully Compliant
<u>Targeted Analysis</u>	Did AgriLife Research comply with FPP A.043 concerning the correct use of T-codes and TINs and statutes and requirements applicable to the payment card program?	Incorrect Texas Identification Numbers (TINs)/improper use of generic TIN	Compliant, Findings Issued



Area	Audit Question	Results	Rating
Internal Control Structure	Are duties segregated to the extent possible to help prevent errors or detect them in a timely manner and help prevent fraud and waste?	No issues	Fully Compliant
<u>Security</u>	Are AgriLife Research employees who are no longer employed or whose security was revoked properly communicated to the Comptroller's office?	Failure to request timely security access removal after termination	Compliant, Findings Issued

Key Recommendations

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

- Develop and maintain procurement planning and contract management documentation such as a risk assessment, needs assessment and cost estimates. Use the cost estimates during the procurement planning phase to select the appropriate procurement method and to comply with applicable statutory requirements.
- Select the procurement method that best achieves the procurement requirements and objectives.
- Report contracts, including all amendments, to the Legislative Budget Board (LBB).
- Ensure vendors submit a completed and signed Texas Ethics Commission (TEC) Form 1295 to AgriLife Research with the certificate of filing number and date.
- Follow procurement procedures to ensure purchasing staff completes and signs the State Auditor's office (SAO) nepotism disclosure form before contract execution.
- Maintain proof that staff performed each vendor verification check before payments and/or awards.
- Maintain evidence that the agency received the goods and services and that they match the approved purchase order.
- Review and modify processes and procedures for using payment cards issued by the state-contracted credit card vendor to ensure staff obtains and uses specific vendor Texas identification numbers (TINs) when possible.
- Ensure compliance with the security revocation requirements for terminated employees.



Detailed Findings

Payroll and Deduction Transactions

Auditors developed a sample of payroll transactions totaling \$339,974.60 from a group of 30 employees to ensure AgriLife Research complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed no exceptions in this group of transactions.

Additionally, a limited sample of 10 voluntary contribution transactions was audited with no exceptions identified.

Purchase, Procurement, Contract and PCard Transactions

Auditors developed a sample of 34 purchase and procurement transactions totaling \$2,617,220.89, one contract for \$3,822,283.30 and 10 payment card transactions totaling \$30,819.67 to ensure AgriLife Research complied with the GAA, LBB, [eXpendit \(FPP I.005\)](#), the [State of Texas Procurement and Contract Management Guide](#), the Texas A&M University System *Contract Management Handbook*, AgriLife Research's *Purchasing Procedures and Guidelines for Disbursement of Funds*, and [Texas Education Code, Chapter 51](#). Audit tests revealed the following exceptions for these groups of transactions.

Contract	Amount	Type of Service	Procurement Cycle			
			Planning	Procurement Method Determination	Contract Formation/Award	Contract Management
Illumina, Inc.	\$3,822,283.30	Chemicals and Gases (Consumable Reagents and Products)	Missing contract documentation		<ul style="list-style-type: none"> Failure to report to/post on the LBB. Missing Texas Ethics Commission Certificate of Interested Parties (Form 1295). Missing State Auditor's office nepotism disclosure form. Missing vendor compliance verification. 	Failure to report to the Vendor Performance Tracking System

Missing Contract Documentation

Auditors reviewed one contract, identified as a sole source, that lacked sufficient supporting documentation, including the original contract, the solicitation postings, the evaluation of offers or consultations received from potential vendors, and planning procedures. Auditors could not tell whether AgriLife Research followed an



adequate procurement process to arrive at its decisions. For example, auditors did not receive a procurement process risk assessment, needs assessment, research procedure or cost estimate.

Per the Texas A&M University System *Contract Management Handbook*, staff can use a risk assessment to determine what level, type and extent of resources and management oversight will be needed to plan the contract. A needs assessment ensures a correct contracting objective. Research identifies industry practices, methods, standards and rules. Agencies can also publish a request for information (RFI), and potential vendors can respond with information about the desired goods or services. A cost estimate helps determine what type of procurement process to use and the range of services to include in the statement of work. AgriLife Research did not provide sufficient documentation to support the procurement method selected.

In addition, AgriLife Research only provided auditors with a 2018 contract addendum. The *Contract Management Handbook* states that the agency should maintain an original of all contracts and supporting documentation on file in a central repository.

By the beginning of the audit, AgriLife Research had been in a continuous relationship with the vendor since 2008, spending a total of \$3,822,283.30. Because AgriLife Research appeared to have only conducted the procurement process once for these products, the entire relationship can be considered a single scope of work awarded to the same vendor. Per [34 Texas Administration Code Section 20.25\(b\)\(13\)](#), total contract value is not limited to the cost for the initial term, but includes the total value of the contract over its complete term, including any modifications, addendums, amendments, attestations, price list updates, renewals or extensions.

Recommendation/Requirement

For active contracts, AgriLife Research must maintain all applicable documentation to show it plans every procurement process appropriately, estimates accurate total contract values, and selects the procurement method that complies with the procurement requirements and objectives. Additionally, AgriLife Research should create and maintain documentation showing that staff planned and managed each acquisition to deliver the best value, in accordance with applicable statutes and policies.

AgriLife Research Response

AgriLife Research uses a checklist during the procurement process to ensure all required activities in the procurement process are completed prior to issuing the purchase order. An additional section will be added to the checklist that covers contract planning documentation. AgriLife Research will continue to manage this process through the checklist and use of the TAMUS Contract Management Handbook, when applicable.

All documents are added into the agency's purchasing system, AggieBuy, where they are stored as attachments to the purchase order.



Failure to Report to/Post Contract on the LBB Website

Auditors identified one contract that was not reported to or posted on the LBB website. AgriLife Research staff said that the contract was “a blanket agreement with no guarantee of purchase,” and so did not require LBB posting. Staff added that individual purchase orders that exceed the posting requirements are posted to the LBB.

According to the [GAA for the 2018-19 biennium, Article IX, Section 7.04](#), a state agency or institution of higher education must report any contract over \$50,000 to the LBB before the 30th calendar day after contract award. The submission must include required documentation such as the award, solicitation documents, renewals, amendments, addendums, extensions, attestation letters and certain types of supporting records related to contracts; see the [LBB Contract Reporting Guide](#). AgriLife Research is not exempt from this requisite and the Texas A&M University System *Contract Management Handbook* stresses the importance of completing it on Page 30 of Section 10, “Contract Administration.”

Recommendation/Requirement

AgriLife Research must report contract awards including amendments to the LBB to comply with the [GAA for the 2018-19 biennium, Article IX, Section 7.04](#) and the [LBB Contract Reporting Guide](#).

AgriLife Research Response

The Purchasing Office checklist includes the LBB reporting requirement. All buyers have been reminded of the requirement and the timeliness of the requirement and will report accordingly.

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

One contract did not have the required TEC Certificate of Interested Parties (Form 1295). Certain contracts with a value of \$1 million or more require completion of Form 1295. Before contract award, the vendor must give the agency a completed, signed form with the certificate of filing number and date, and the contract developer must acknowledge the form on the TEC website. It is best practice to mention Form 1295 in the solicitation to give the vendor time to gather the required information early in the process. AgriLife Research stated that it was unclear about this requirement. See [Texas Government Code, Section 2252.908](#).

Recommendation/Requirement

AgriLife Research must ensure any vendor involved in contract awards of \$1 million or more completes Form 1295 on the [TEC website](#), unless the type of contract involved is exempt from this requirement.



AgriLife Research Response

All buyers have been reminded of the requirements when a purchase order has a value over \$1 million dollars, and will have the vendor complete the form when needed. AgriLife Research uses a checklist during the procurement process to ensure all required activities in the procurement process are completed prior to issuing the purchase order. An additional section will be added to the checklist that covers this requirement.

Missing State Auditor's Office (SAO) Nepotism Disclosure

Auditors identified one contract where the required SAO disclosure statement for purchasing personnel was missing. For contracts valued at \$1 million or more, all purchasing personnel working on the contract 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. See [Texas Government Code, Section 2262.004](#) and [State of Texas Procurement and Contract Management Guide – SAO Nepotism Statement for Purchasing Personnel](#).

Recommendation/Requirement

AgriLife Research must ensure all procurement personnel involved in awarding contracts of at least \$1 million sign the SAO disclosure statement for purchasing personnel on the [SAO website](#), and must retain the signed statements in the contract file. Also, AgriLife Research must follow procurement procedures to ensure the SAO nepotism disclosure statement is complete and signed by the purchasing, procurement and contract staff before executing a contract with a vendor.

AgriLife Research Response

All buyers have been reminded of the requirements when a purchase order has a value over \$1 million dollars, and will have the form completed when required. AgriLife Research uses a checklist during the procurement process to ensure all required activities in the procurement process are completed prior to issuing the purchase order. An additional section will be added to the checklist that covers this requirement.

Missing Proof of Vendor Compliance Verification

For one contract, 30 purchases and nine payment card transactions, AgriLife Research was unable to provide evidence staff performed the applicable vendor compliance verifications (VCVs). The agency must provide evidence, such as a screen print, that it performed each verification.

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 to be sure the potential awardee is complying with this requirement. The Texas Safekeeping Trust Company maintains the divestment lists and posts them to the [Comptroller's Divestment Statute Lists](#). If the business is in violation, the contract may not be awarded to that vendor.

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 Texas Safekeeping Trust Company maintains the divestment lists and posts them to the Comptroller's Divestment Statute Lists. Agencies must check the divestment lists before awarding each contract. If the potential awardee is on the list, the contract may not be awarded to that vendor.

Warrant/Payment Hold Check

AgriLife Research must check a vendor's warrant hold status if payment is made with local funds, or if a payment card purchase is over \$500. The agency cannot proceed with a purchase made with local funds or a payment card purchase over \$500 until the warrant hold has been released. For transactions involving a written contract, agencies must perform the warrant hold check no earlier than the seventh day before and no later than the date of contract execution if payments made under the contract will be made with local funds. If the vendor is on warrant hold, the agency may not enter into a written contract with that person unless the contract requires the agency's payments under the contract to be applied directly toward eliminating the person's debt or delinquency regardless of when it arises. See [eXpendit – Restricted Expenditures – Persons Indebted to the State](#) and the Texas A&M University System *Guidelines for Disbursement of Funds*, Section II.A.3, "Vendor Hold."

System of Award Management Check

The agency must check the System for Award Management (SAM) database to verify that 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 Department, Office of Foreign Assets Control's master list of specially designated nationals and blocked persons (with limited exceptions set forth in the order). See [executive order 13224](#).

Recommendation/Requirement

AgriLife Research must conduct all VCV checks before any purchase, contract award, extension or renewal, and must retain results from the specified website in the procurement file as evidence.



AgriLife Research Response

The Purchasing Office already has an established process to conduct the VCV checks. At the time of purchase, the buyer performs the VCV checks and documents completion on the purchase order checklist. Additional steps will be implemented to print VCV checks for transactions over \$10,000 that are processed through the Purchasing Office.

Failure to Report to the Vendor Performance Tracking System

For one contract reviewed, AgriLife Research failed to report purchases and contracts over \$25,000 to the Statewide Procurement Division's (SPD's) Vendor Performance Tracking System (VPTS). Reporting to the VPTS identifies exceptional suppliers, helps buyers make a best-value determination based on vendor past performance, and protects the state from vendors with unethical business practices. Reporting also identifies vendors with repeated delivery and performance issues, provides performance scores in four measurable categories for Centralized Master Bidders List (CMBL) vendors and tracks vendor performance for delegated and exempt purchases.

The SPD administers the VPTS for use by all ordering agencies per [34 Texas Administrative Code Section 20.115](#). The VPTS relies on agency participation to gather information on vendor performance. Ordering agencies are required to report vendor performance for purchases of \$25,000 or more, and are encouraged to report for purchases under \$25,000. See [Texas Government Code, Sections 2155.089](#) and [2262.055](#). While Senate Bill 799 exempted institutions of higher education from VPTS reporting for contracts beginning on or after Sept. 21, 2021, all of the transactions and contracts reviewed for this audit were solicited before that date.

Recommendation/Requirement

For solicitations that began before Sept. 1, 2021, AgriLife Research should enhance its policies and procedures to ensure staff submits vendor performance reports to the VPTS in a timely fashion. A dated copy of the review results from the VPTS must be retained as evidence and included in the procurement file.

AgriLife Research Response

The agency operates as an Institute of Higher Education (IHE) under Texas Education Code 51.9335 and is exempt from the requirements of Sec.2155.089. Note that this was further clarified in the past legislative session by S8799 to amend 2155.089(c)(3)(C).

Comptroller Response

While it may appear at first that Education Code, Section 51.9335(d) exempts institutions of higher education from Government Code, Title 10, Subtitle D, such a broad exemption would conflict with the definition of "state agency" in Chapter 2151, which specifically



includes such institutions. Due to that apparent conflict, the references to “acquisition” and “procurement” in Section 51.9335 must be read as limiting the scope of the exemption. Specifically, institutions of higher education are exempt from procurement provisions in Subtitle D but must follow the rest of the subtitle. Because the reporting of vendor performance under Section 2155.089 is not part of the procurement of goods and services and cannot possibly occur until the procurement process is complete, it is outside the scope of the 51.9335(d) exemption. In addition, the fact that the Legislature listed certain acquisition provisions that apply to institutions of higher education, historically underutilized businesses (HUBs) and procurement from persons with disabilities further illustrates the distinction between the acquisition provisions in Subtitle D and the rest of Subtitle D. Both the HUB statutes and the procurement from persons with disabilities provisions affect how goods and services are acquired, specifying procurement processes and, for some goods, which vendors must be used. Senate Bill No. 799, 87th Leg., 2021, amended Section 2155.089(c), Government Code, to exempt institutions of higher education from VPTS reporting requirements for contract solicitations that began on or after Sept. 1, 2021.

Missing Documentation

Auditors identified that seven of the 10 selected payment card purchase documents lacked sufficient documentation to support the legality and fiscal responsibility of the purchase. These seven documents lacked evidence of whether the goods were received or the services were rendered. Also, one transaction did not have a purchase order (PO) in its file and one PO did not contain the necessary specificity or itemization of details:

- One purchase was missing a PO.
- One PO did not specify the address where services were to be performed.
- Five of the seven purchases lacked evidence that AgriLife Research actually received the goods or services bought.

Without proper documentation, auditors could not determine whether the information entered into the Unified Statewide Accounting System (USAS) was an accurate reflection of the intended purchases made. Agencies must maintain documentation to verify payments are valid and to ensure a proper audit trail. Per [34 Texas Administrative Code Section 5.51\(c\)\(1\)\(D\)](#), each state agency, its officers and employees must ensure that for each purchase document, the agency maintains necessary documentation to prove that each payment resulting from the document is legal, proper and fiscally responsible. Agencies must make supporting documentation available to the Comptroller’s office in the manner required. The types of supporting documentation that the Comptroller’s office may require include quotes, POs, requisitions, contracts, bills of lading, price lists, invoices and receipts. See [34 Texas Administrative Code Section 5.51\(e\)\(2\)-\(3\)](#).



Recommendation/Requirement

AgriLife Research must review and modify its payment card processes and procedures to ensure each payment has sufficient supporting documentation and to create and maintain supporting documentation for audit review. The agency should also review and update its procedures for maintaining supporting documentation for all purchases.

AgriLife Research Response

The Disbursements Office/Procard Office has been reminded of this requirement and will ensure all documentation is attached to the payment card expense report.

Travel Transactions

Auditors developed a sample of 20 travel transactions totaling \$14,593.24 to ensure AgriLife Research complied with the GAA, [Textravel \(FPP G.005\)](#) and pertinent statutes. Audit tests revealed the following exception for the travel sample.

Missing Statutory Authority/Improper Reimbursement

One travel voucher listed expenses for a graduate student sent by AgriLife Research to present a paper at a conference in San Diego. AgriLife Research provided the student with a declining balance payment card for travel expenses including meals and lodging, and later requested reimbursement from state funds for lodging and meals. However, the student was not a state or higher-education employee at the time, as is required.

A state employee is entitled to reimbursement of certain travel expenses required by the employing agency to conduct official state business, but students are not considered state employees unless they are hired by a state agency or institution of higher education. Only certain institutions have specific statutory provisions for reimbursing student travel expenses, and those are listed in [Texas Government Code, Section 660.004](#); AgriLife Research is not one of the listed institutions.

AgriLife Research acknowledged that an accounting oversight led to student travel being reimbursed from state funds, and refunded \$825.51 to the state. The delay in processing the travel payment contributed to the error; by the time payment was processed, the student had been hired by AgriLife Research and was verified to be an employee. AgriLife Research also instituted an automated control in the travel system preventing expenses coded as student travel from being paired with state rather than local funds.

This issue also revealed a processing workaround that changed the identity of the traveler in both the travel system and later in USAS. Because the student was not an employee, she could not access the travel system to complete and certify an expense report. According to AgriLife Research, in cases like this “another employee from the department (usually from the department’s business office)” creates a travel voucher on



the traveler's behalf. The issue is that the AgriLife Research online travel system stores the name of the person who completed the travel report as the person who traveled. In the workaround, staff placed the name of the actual traveler in the comments of the report rather than in a data field subject to automated validation. An expanded sample of travel costs attributed to administrative employees over the last four years showed one other instance of an administrative employee entering travel on behalf of someone else. In this second instance, no funds were reimbursed by the state.

Recommendation/Requirement

AgriLife Research must update its *Guidelines for Disbursement of Funds* to clarify when and how to pay for business travel made by non-employees, and how to document expenditures when the traveler is unable to enter the travel report online. AgriLife Research should not allow the online travel system to change the identity of the employee who traveled to a substitute or delegate. If the online system cannot be altered to keep the identity of the traveler as a data element, these expenditures could be documented using paper travel voucher forms. Another solution is for AgriLife Research not to request reimbursements from the state unless the transactions comply with state rules and regulations. [Texas Government Code, Section 660.027\(b\)](#) allows a substitute to approve a travel voucher for someone who is not available, but it does not permit substituting the identity of the traveler. Doing so risks possible abuse of the system and the potential for loss of state funds.

AgriLife Research Response

The Travel Office has been reminded that travel for non-employees is not allowed on state funds. There was an adjustment made in the global edits in the agency's accounting system that will not allow non-employee travel on state funds going forward.

Targeted Analysis

The audit included a review of several special reports generated outside the sample. Auditors reviewed AgriLife Research procedures for processing these transactions to determine compliance with state rules, regulations and processing requirements. Auditors conducted a targeted analysis of the PCard, Miscoded Transactions, and PCard Invoice Number and Description reports. Audit tests revealed the following exceptions in the travel sample.

Incorrect TIN/Improper Use of the Generic TIN

In two reports generated outside of the sample, auditors noted several reimbursement transactions processed with an incorrect TIN. Auditors identified 32 reimbursements from local funds (51 line items) for \$35,498.08 using an incorrect TIN. Auditors also identified 86 transactions with 12 vendors for \$16,769.74, and four additional payment



card transactions for \$11,398.89 where AgriLife Research used the generic TIN instead of the specific TIN assigned to the vendors. Several vendors were used multiple times, and some of them already had assigned TINs in the Texas Identification Number System (TINS) that should have been used to record these transactions.

The 247 transaction line for purchase reimbursements must carry either the TIN for the business where the original purchase was made, the TIN of each employee incurring the expenses, the TIN of each grantee receiving the grant, or the nonspecific payment card TIN. The nonspecific payment card TIN may be used only on third-party payment card transactions if the TIN/mail code is unknown for a specific vendor and all efforts to obtain the TIN are unsuccessful. The 904 transaction line is payable to AgriLife Research's local bank account.

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

Recommendation/Requirement

AgriLife Research must modify or update its method for entry into USAS to ensure USAS includes proper employee- and vendor-level details required by FPP A.043. This information is essential for an accountable and open government. It is also used for public information requests and post-payment auditing purposes. The options for an institution to comply with FPP A.043 may include manually entering the required data, implementing system changes, or not seeking state reimbursement for these payments.

AgriLife Research Response

Adjustments have been made to the process. We are making every effort to obtain form W-9 from the vendor or information from USAS to set up the specific vendor TIN when coding payment card transactions to reduce the use of the generic TIN.

Fixed Assets

The audit included a review of a limited number of fixed assets acquired 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 system (SPA) and AgriLife Research inventory. Audit tests revealed no exceptions in these transactions.



Internal Control Structure

The review of AgriLife Research's internal control structure was limited to obtaining reports identifying current users' access. The review did not include tests of existing mitigating controls. The audit tests conducted revealed no exceptions.

Security

The audit included a security review to identify AgriLife Research 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. The audit tests conducted revealed one exception.

Failure to Request Timely Security Access Removal After Termination

During the audit period, AgriLife Research failed to inform the Comptroller's office in a timely manner about the termination of one employee who had been designated to approve expenditures; the agency also provided inconsistent dates for the termination.

To revoke an employee's access to release USAS payment and USPS or SPRS documents, the agency's security coordinator must request the removal of the individual's security to release payment batches no later than the day the individual's authority to approve expenditures is revoked and the individual is removed from the signature card.

AgriLife Research sent a letter dated Aug. 24, 2020, requesting revocation of the employee's authority to approve expenditures and removal from the signature card "effective immediately." However, AgriLife Research did not request removal of the employee's system access until Aug. 31, 2020, seven days after revocation of the employee's authority to release/approve payments. The former employee could have approved vouchers submitted to the Comptroller's office during that time. Any payment approved by a terminated employee would constitute an unapproved expenditure.

AgriLife Research also recorded and processed requests for this termination with conflicting dates. Staff requested removal of the employee from the signature card "effective immediately," without a termination date, entered Aug. 31, 2020, as the termination date in the Human Resource Information System (HRIS) using termination code 059, completed an HRIS verification form with Dec. 20, 2020, as the termination date, and created and processed a request to the Comptroller's office system security to remove the employee's access effective Sept. 1, 2020.

When a designated employee terminates employment, the agency's security coordinator must request the removal of the individual's security to release payment batches **no later than the day the authority to approve expenditures is revoked** (due to termination or any other reason).



Recommendation/Requirement

AgriLife Research must comply with revocation requirements for terminated employees. It must also ensure the person responsible for notifying the Comptroller's office is aware of terminations on or before the termination date and will follow up with the Comptroller's office to ensure it receives each notification and that revocation occurs. AgriLife Research should also ensure staff lists the correct termination and revocation dates in all notification requests and completed forms.

AgriLife Research Response

AgriLife is now notifying the Comptroller's office by letter with an effective date for revocation.



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 AgriLife Research payroll, purchase, procurement, contract, PCard, travel, target analysis, internal control structure and security that processed through USAS from Dec. 1, 2019, through Nov. 31, 2020, to determine compliance with applicable state laws.

AgriLife Research 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.

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

Texas law requires the Texas Comptroller of Public Accounts (Comptroller's office) to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.



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.

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.