



# An Audit of Texas A&M University – Corpus Christi

Audit Report #760-22-01  
March 28, 2023

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# Executive Summary

## Purpose and Scope

The objectives of this audit were to determine whether Texas A&M University – Corpus Christi (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 June 1, 2020, through May 31, 2021.

## Background

Texas A&M University – Corpus Christi, the only university in the nation located on its own island, offers more than 85 degree programs. The university is one of seven federal test sites for unmanned aircraft systems and leader of the Texas One Gulf Center of Excellence.

Texas A&M University –  
Corpus Christi website  
<https://www.tamucc.edu/>


## Audit Results

The University largely complied with the General Appropriations Act (GAA), other relevant statutes and Comptroller requirements. Auditors found no issues with payroll deductions, travel transactions, book transactions, grant transactions or property management records. However, the University should consider making improvements to its payroll, purchase/procurement, payment card, and contracting processes, security and internal control structure.

The auditors reissued one finding from the previous audit conducted at the University related to incorrect months of service resulting in incorrect amount of longevity paid. Auditors originally issued this finding in January 2018. An overview of audit results is presented in the following table.



## Table Summary

Area	Audit Question	Results	Rating
<a href="#">Payroll Transactions</a>	Did payroll transactions comply with the GAA, pertinent statutes and Comptroller requirements?	 Incorrect months of state service/incorrect longevity payment amounts.	Compliant, Findings Issued
<a href="#">Purchase, Payment Card and Contract Transactions</a>	Did purchase, payment card and contract transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> <li>• Missing vendor compliance verifications.</li> <li>• Failure to report to the Legislative Budget Board.</li> <li>• Failure to report to the Vendor Performance Tracking System.</li> <li>• Non-compliance with contract terms.</li> <li>• Discount not taken.</li> </ul>	Compliant, Findings Issued
Travel Transactions	Did travel transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Book Transactions	Did book transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Grant Transactions	Did grant transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Fixed Assets	Were tested assets in their intended location and properly reported in the University's internal system?	No issues	Fully Compliant
<a href="#">Targeted Analysis</a>	Did the coding of payment transactions comply with Comptroller requirements?	Incorrect Texas identification number/ Improper use of the generic Texas identification number.	Compliant, Findings Issued

 Repeat Finding



Area	Audit Question	Results	Rating
<a href="#">Internal Control Structure</a>	Are duties segregated to the extent possible to help prevent errors or detect them in a timely manner and help prevent fraud?	Control weakness over expenditure processing.	Control Weakness Issues Exist
<a href="#">Security</a>	Are University employees who are no longer employed or whose security was revoked properly communicated to the Comptroller's office?	<ul style="list-style-type: none"><li>• Failure to request security access removal.</li><li>• Failure to notify Comptroller to remove employees from signature card.</li></ul>	Compliant, Findings Issued

 Repeat Finding

## Key Recommendations

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

- Confirm the amount of lifetime service credit for employees and compute the correct months of state service to prevent incorrect longevity payments.
- Retain all documents relating to procurement and contracts and ensure the required procurement documents are completed.
- Ensure the University takes advantage of all the discounts offered by the vendor.
- Ensure staff uses a vendor-specific Texas identification number (TIN) when coding payment transactions.
- Segregate expenditure processing tasks to the maximum extent possible to ensure that no individual can process payments without oversight.
- Ensure notifications sent to the Comptroller's office to remove an employee's Uniform Statewide Accounting System (USAS) security profile are sent on or before the effective date of the revocation or termination. The University must also ensure that the request to remove an employee from the signature cards is sent within five days of the employee's revocation or termination.



# Detailed Findings

## Payroll Transactions

Auditors developed a sample totaling \$152,889.09 from a group of 30 employees and 205 payroll transactions to ensure the University complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed some exceptions for this group of transactions.

Additionally, auditors reviewed a limited sample of 10 voluntary contribution transactions; no exceptions were identified.

## Incorrect Months of State Service/Incorrect Longevity Payment Amounts

Auditors identified one employee with incorrect months of state service resulting in incorrect longevity payments. The University began paying the longevity payments to the employee one month too early and paid longevity twice in one month.

When months of state service are incorrect, longevity entitlements may be paid incorrectly. The incorrect months of service credit noted in the audit sample resulted in a longevity overpayment with a 30% state portion paid from state funds. According to the University, an error was made in calculating the individual's state service.

Longevity pay is an entitlement based on total state service and is paid to eligible employees each month in addition to base salary. See [Texas Payroll/Personnel Resource – Non-Salary Payments, Longevity Pay](#).

Lifetime service credit reflects an employee's entire time of state service and is used to determine the amount of longevity pay an individual may be eligible to receive. The amount of lifetime service credit accrued by a state employee is the sum of the number of days served during each period of state employment. An employee's state effective service date is derived by subtracting total days of lifetime service credit from the most recent employment date. The date is used to determine when longevity pay is to be increased. See [Texas Payroll/Personnel Resource – General Provisions, Lifetime Service Credit](#).

## Recommendation/Requirement

The University must correct its method of calculating lifetime service credit and enhance its internal controls to prevent incorrect longevity payments. The University should consider recovering the overpayment in accordance with [Texas Government Code, Chapter 666](#) and reimbursing the state's treasury accordingly.



## University Response

*Texas A&M Corpus Christi will have all new employees complete the Statement of Previous State Employment form and once completed, HR sends the Verification of Previous State Employment form to the designated employers. Prior state service is calculated using a formula and saved in the personnel file and Workday. Monthly reports are then reviewed to ensure longevity is being paid correctly.*

## Purchase, Payment Card and Contract Transactions

Auditors developed a sample of 30 purchase transactions totaling \$1,201,760.54 and 10 payment card transactions totaling \$29,926.88. Two contracts with values of \$552,403 and \$240,000 were also selected along with a sample of 19 contract payment transactions totaling \$603,718.49 to ensure the University complied with the GAA, [eXpendit \(FPP I.005\)](#), the University's policies and procedures, and pertinent statutes. Audit tests revealed the following exceptions for these groups of transactions.

Contract	Amount	Type of Service	Procurement Cycle				
			Planning	Procurement Method Determination	Vendor Selection	Contract Formation/Award	Contract Management
Contract A	\$552,403	Library journal subscription	No exceptions	No exceptions	No exceptions	Missing proof of vendor compliance verifications.	Failure to report to the VPTS.
Contract B	\$240,000	Research services	No exceptions	No exceptions	No exceptions	Missing proof of vendor compliance verifications.	Discount Not Taken.

## Missing Vendor Compliance Verifications

Auditors noted that the University was unable to provide evidence of completed vendor compliance verification (VCV) checks for 23 purchase transactions, 10 payment card transactions, and the two contracts. The University stated it could not find any statute, regulation or procedure that required it to keep proof of the verifications checks and therefore was not aware these checks needed to be documented.

## Warrant Hold Check

Auditors noted that the University did not verify the vendor's warrant hold status before making the transactions. The University must verify vendor warrant hold status on payments made with local funds or payment card purchases over \$500. The University cannot proceed with a purchase made with local funds or a payment card purchase over



\$500 until the warrant hold is 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 payments under the contract will be issued with local funds.

If the vendor is on warrant hold, the University may not enter into a written contract with the vendor unless the contract requires the University's payments under the contract to be applied directly toward eliminating the vendor's debt or delinquency. The requirement specifically applies to any debt or delinquency, regardless of when it arises. See [Texas Government Code, Section 2252.903\(a\)](#) and [eXpendit - Restricted Expenditures - Persons Indebted to the State](#).

### **Iran, Sudan and Foreign Terrorist Organization List Check**

The University was unable to provide proof staff conducted the Iran, Sudan and foreign terrorist checks for 24 purchase transactions and two contracts. Agencies 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 award to determine if the potential awardee is in violation of this requirement. The Texas Safekeeping Trust Company maintains the divestment lists and posts them to the Comptroller's [Divestment Statute Lists website](#). Agencies cannot award a contract to a vendor that is in violation. According to the University, it was not aware the verification of the check needed to be documented.

### **Recommendation/Requirement**

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

### **University Response**

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*Texas A&M Corpus Christi understands this requirement and provided training and guidelines requiring the cardholder to verify the merchant is not on state hold. The guidelines will be updated to require the cardholder to document the vendor was not on hold at the time of purchase and to attach documentation to the expense report for transactions greater than \$500. In addition, we will train our card services auditors to verify the appropriate documentation has been attached for those transactions.*

### **Failure to Report to the Legislative Budget Board**

Auditors identified two purchase transactions where the University failed to report the contract, contract amendments and renewals to the Legislative Budget Board (LBB). [General Appropriations Act \(GAA\), Reporting Requirements, Article IX, Section 7.04](#)





requires a state agency that receives an appropriation under the GAA to report to the LBB a contract with a value greater than \$50,000, “without regard to source of funds or method of finance associated with the expenditure, including a contract for which only non-appropriated funds will be expended.” The submission must include required documentation such as the award, solicitation documents, renewal, amendments, addendums, extensions, attestation letters and certain types of supporting records related to contracts. Contracts initially reported to the LBB database do not have to be re-posted on the web under [Texas Government Code, Section 2261.253\(g\)\(1\)](#). Also see the [LBB Contract Reporting Guide](#). The University stated that it overlooked the LBB reporting requirement since the transactions were PunchOut orders which are normally under the reporting threshold. The University reported the transactions to the LBB as a result of the audit.

### Recommendation/Requirement

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The University must report all applicable contracts to the LBB in compliance with the [LBB Contract Reporting Guide](#).

### University Response

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*Texas A&M Corpus Christi agrees with this finding and we have implemented a more detailed process to better track and complete all reporting requirements. This will help ensure that for all applicable contracts, LBB reporting is completed within the timeline outline in the GAA.*

### Failure to Report to the Vendor Performance Tracking System

Auditors identified eleven purchase transactions and one contract over \$25,000 that were not reported to VPTS as required. The University stated it believed institutions of higher education were exempt from this requirement.

The Statewide Procurement Division (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 also encouraged to report vendor performance for purchases under \$25,000. Agencies submit the vendor performance form (VPF) electronically via the SPD web application portal. See [Texas Government Code, Section 2155.089](#) and [Section 2262.055](#). While 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, all of the transactions and contracts reviewed for this audit were solicited prior to the bill's implementation date.



## Recommendation/Requirement

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For solicitations that began prior to Sept. 1, 2021, the University must report purchases and contracts over \$25,000 to VPTS to identify suppliers demonstrating exceptional performance, aid purchasers in making a best value determination based on vendor past performance and protect the state from vendors with unethical business practices. Reporting should also identify vendors with repeated delivery and performance issues, provide performance scores in four measurable categories for Centralized Master Bidders List (CMBL) vendors, and track vendor performance for delegated and exempt purchases.

## University Response

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*Texas A&M Corpus Christi agrees with this finding. No action is needed since Senate Bill 799, 87th Legislature added a clause which exempts institutions of higher education from Texas Government Code 2155.089 beginning in fiscal year 2022.*

## Non-Compliance with Contract Terms

Auditors identified one contract where the University failed to maintain documentation supporting compliance with contract terms related to price increase. According to the contract terms, prices for the subscription fees and other services may be increased upon a 60-day written notice to the University. Price increases may not exceed 3.5% per year. Although the increase did not exceed the allowed 3.5%, the University was unable to provide documentation showing that the vendor provided written notice of a price increase. According to the University, the documentation was not kept in the contract file due to human error.

Without an effective change management process in place, the risk of failure to manage and control change can result in an unintentional modification to scope, change in schedule, increase in contract cost, circumvention of management controls and diminished contractor accountability. See the University's [Contract Management Handbook](#).

## Recommendation/Requirement

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The University must continue to enhance its contract change management processes and monitoring procedures to ensure all contract terms are monitored and met and all supporting documentation is kept in the contract file.

## University Response

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*Texas A&M Corpus Christi agrees with this finding and we will ensure that contract administrators are notified of applicable contract terms, and that appropriate supporting documentation is kept in the contract file.*



## Discount Not Taken

Auditors identified one contract payment transaction where the University failed to take advantage of a two percent, 10-day discount offered by the vendor amounting to \$1,600 with the state portion totaling \$575. According to the University this was due to a human error.

## Recommendation/Requirement

The University must follow its policies and procedures to ensure it is taking advantage of vendor discounts that are beneficial to the state.

The University must ensure that its staff is aware of any contract discounts and continues to review all invoices upon receipt to determine if they include a discount. If the University determines that the discount is beneficial to the state, the invoice should be paid promptly. See [eXpendit – Payment Scheduling – Comptroller Policy – Early Payment Discounts](#).

## University Response

*Texas A&M Corpus Christi agrees with this finding and will ensure that its staff are aware of any contract discounts and will continue to review all invoices upon receipt to determine if they include a discount. If the University determines that the discount is beneficial to the state, the invoice will be paid promptly.*

## Travel Transactions

Auditors developed a sample of 20 travel transactions totaling \$4,133.37 to ensure the University complied with the GAA, [Textravel \(FPP G.005\)](#), and pertinent statutes. Audit tests revealed no exceptions for this group of transactions.

## Book Transactions

Auditors developed a sample of four book purchase transactions totaling \$83,379.30 to ensure the University complied with the GAA, [eXpendit \(FPP I.005\)](#), the University's policies and procedures, and pertinent statutes. Audit tests revealed no exceptions in this group of transactions.

## Grant Transactions

Auditors developed a sample of two grant transactions totaling \$1,464,800 to ensure the University complied with the GAA, [Requirement to Publish Purpose of State Grants \(FPP S.010\)](#) and pertinent statutes. Audit tests revealed no exceptions in this group of transactions.



## Targeted Analysis

The audit included a review of several special reports generated outside the sample. Auditors reviewed the University's procedures for processing these transactions to determine compliance with state rules, regulations, and processing requirements. Audit tests revealed the following exception in the targeted analysis reports.

### Incorrect Texas Identification Numbers (TINs)/Improper Use of Generic TIN

In two reports generated outside the sample, auditors noted that several University reimbursement transactions were processed with an incorrect TIN. Auditors identified 77 payment card transactions (84 line-items) totaling \$58,008.47, and two travel transactions (3 line-items) totaling \$145.74 using an incorrect TIN. Auditors also identified 77 payment card transactions with 69 different vendors totaling \$58,008.47 where the University used the generic TIN, instead of the specific TIN assigned to the vendors. Auditors noted that several vendors already had a TIN assigned to them in the Texas Identification Number System (TINS) that should have been used to record these transactions. According to the University, it discovered it had been processing these transactions wrong in its system which did not allow the TIN to flow through. The University added that it has made corrections to its standard operating procedures to ensure the correct TIN is used.

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 non-specific payment card TIN. The non-specific 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 vendor's TIN are unsuccessful. The 904-transaction line is payable to the University'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 \(FPP A.043\)\*\*\*](#) for information on how state agencies and institutions of higher education must process third-party payments through the Uniform Statewide Accounting System (USAS).

### Recommendation/Requirement

The University must modify or update its method for entry in 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.



## University Response

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*Texas A&M Corpus Christi agrees with this finding. The Procurement & Disbursements department have made corrections to their Standard Operating Procedures (SOP) to ensure this information is forwarded. Specifically, Texas A&M Corpus Christi won't be using the generic vendor ID, unless all avenues to collect vendor data have been exhausted. Any further payments to an uncooperative vendor will be paid with funds other than State funds.*

## Fixed Assets

The audit included a review of a limited number of fixed assets acquired by expenditures during the audit period to test for accurate reporting and to verify the existence of assets. All assets tested were in their intended location and properly tagged. Audit tests revealed no exceptions in these transactions.

## Internal Control Structure

The review of the University's internal control structure was limited to obtaining reports identifying current user access. The audit tests revealed the following exceptions in user access.

## Control Weakness Over Expenditure Processing

Auditors reviewed certain limitations the University placed on its accounting staff's ability to process expenditures. Auditors reviewed the University's security in USAS, TINS and voucher signature cards that were in effect on Oct.18, 2021.

The University had two employees with multiple security control issues. Both employees had the security access to release/approve a payment and payroll in USAS and create/enter a vendor or employee profile/direct deposit information in TINS. The two employees were also able to change the warrant hold status of a vendor in TINS and could approve a paper voucher for expedite.

In addition, both employees were on the agency signature cards enabling them to approve paper vouchers.

The University stated that the employees were given access to perform a one-time update in an emergency and access was not removed after the event. The University added that they have mitigated the control issues as a result of the audit.

## Recommendation/Requirement

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The University should review its controls over expenditure processing and segregate each task to the maximum extent possible to ensure no individual is able to process payments without oversight.



Auditors strongly recommend that the University implement the following measures:

1. Limit the access of users who can release/approve a batch or release payroll in USAS to view-only access in TINS. An individual must not be able to approve a payment or payroll and create or change a vendor/employee profile/direct deposit information or their warrant hold status.
2. Limit the access of users who can approve paper vouchers (being on the signature card) to view only access in TINS (PTINS02). An individual must not be able to change a vendor/employee direct deposit information/profile or change the warrant hold status of a vendor in TINS and approve a payment.

## University Response

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*Texas A&M Corpus Christi agrees with this finding. USAS Security Officers will work with department heads to review USAS access for their employees and verify that segregation of duties are in place for each individual's access.*

## Security

The audit included a security review to identify University employees with security in USAS or on the voucher signature cards who were no longer employed or whose security had been revoked. Upon termination or revocation, certain deadlines must be met so that security can be revoked in a timely manner. Audit tests revealed the following exceptions.

### Failure to Notify Comptroller to Remove Employee from Signature Card and Failure to Request Security Access Removal

During the audit period, the University failed to submit a timely request to the Comptroller's office to remove system(s) access for one terminated employee who had been designated to approve expenditures. The lack of timely notification meant the employee retained USAS security for 29 days after termination. This could have permitted the employee to approve electronic vouchers that were submitted to the Comptroller's office during that time. Any payment that was approved by the terminated employee during this period would have constituted an unapproved expenditure.

Additionally, the University failed to submit a timely request to remove that same employee from the signature cards for 24 days after termination. Auditors also observed that the University failed to send a timely request to remove a second terminated employee who remained on the University's signature card for 774 days, possibly allowing the employee to approve paper vouchers that were submitted to the Comptroller's office during that time. Any payment produced by a paper voucher that was approved by these two terminated employees would have constituted an unapproved expenditure.



Auditors ran a report and determined that the employees did not approve any expenditures after their termination date. According to the University, the employee that retained security in USAS retired Aug. 31, 2022, with the understanding that they would return Oct. 1, 2022, and the removal of their access was an oversight. Additionally, the University stated that a new USAS security officer was not aware of the requirement to notify the Comptroller to remove the two employees from the signature cards upon termination and that procedures have been updated to prevent this from occurring moving forward.

For system access, whenever a designated employee terminates employment with an agency, the Comptroller's office must receive notification of the employee's termination. See [34 Texas Administrative Code Section 5.61\(k\)](#). Any officer or employee may send the Comptroller's office notification of termination or revocation. See [34 Texas Administrative Code Section 5.61\(k\)\(2\)\(C\) and \(k\)\(3\)\(B\)](#).

For signature cards, whenever a designated employee terminates employment with an agency, the Comptroller's office must receive notification of the employee's termination no later than the fifth day after the effective date of the employee's termination. See [34 Texas Administrative Code Section 5.61\(k\)\(3\)\(B\)](#). Also see [FPP B.007](#), Expenditure Approvals and Certification

## Recommendation/Requirement

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The University must ensure notifications sent to the Comptroller's office to remove system(s) access are sent on or before the effective date of the revocation or termination to prevent the employee from executing electronic approvals. The University must also ensure that the request to remove an employee from the signature card is sent within five days of the employee's revocation or termination.

## University Response

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*Texas A&M Corpus Christi agrees with this finding. Standard Operating Procedures have been updated to ensure that processes are in place to remove employees from signature cards within 5 days of the employees revocation or termination.*



# 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 Texas A&M University – Corpus Christi (University) payroll, purchase and travel transactions that processed through USAS from June 1, 2020, through May 31, 2021, 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 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 V. Castillo, CTCD, CTCM*

*Jesse Ayala*



## 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"><li>Lack of appropriate and sufficient evidentiary matter.</li><li>Restrictions on information provided to auditor.</li><li>Destruction of records.</li></ul>	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.