



An Audit of the **Office of Capital and Forensic Writs**

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Executive Summary

Purpose and Scope

The objectives of this audit were to determine whether the Office of Capital and Forensic Writs (Office):

- 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.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period from June 1, 2021, through May 31, 2022.

Background

The Office of Capital and Forensic Writs is a Texas state public defender office that represents individuals in state post-conviction litigation. The Office represents a substantial majority of persons sentenced to death in Texas in initial state habeas corpus applications and related proceedings and is committed to client-centered and excellent post-conviction representation.

Office of Capital and Forensic Writs website

<http://www.ocfw.texas.gov/>



Audit Results


The Office largely complied with the General Appropriations Act (GAA), relevant statutes, and Comptroller requirements. The Office should consider making improvements to its travel, procurement, and payroll processes.

The auditors reissued three findings from the previous audit conducted at the Office related to late payment interest, direct deposit authorization forms, and incorrect transaction codes. Auditors originally issued these findings in January 2017 as a management observation in a separate management letter. 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 requirements?	Missing/incomplete payroll documentation.	Compliant, Findings Issued
Purchase Transactions	Did purchase and payment card transactions comply with the GAA, pertinent statutes and Comptroller requirements?	Missing documentation of vendor compliance verifications-warrant hold check.	Compliant, Findings Issued
Travel Transactions	Did travel and travel card transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Incomplete travel vouchers. • Travel reimbursements not processed timely. • Under and overpayment of travel reimbursements.  Prompt Payment Errors.	Compliant, Findings Issued
Targeted Analysis	Did transactions from the targeted analysis comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Some Confidential Treatment of Information Acknowledgment forms were not dated.  Incomplete Direct Deposit Authorization forms. <ul style="list-style-type: none"> • Loss to the payment card rebate program. 	Compliant, Findings Issued

 Repeat Finding

Key Recommendations

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

- Ensure that completed and signed documentation is created and maintained for all employee salary actions.



- Perform all applicable vendor compliance verifications consistently and document the results. Also ensure that transactions do not proceed with vendors that do not pass compliance verifications.
- Ensure travel vouchers are signed and dated and completed with all applicable fields filled out.
- Process all travel vouchers promptly within the time limit established by statute.
- Ensure that travel reimbursements are calculated and paid correctly, and that reimbursement amounts do not exceed the applicable rate established by the General Services Administration (GSA).
- Revise its accounting process to ensure that payment transactions are correctly coded to control late-payment interest calculations.
- Ensure that Confidential Treatment of Information Acknowledgment forms are completed, signed and dated by employees who need access to state systems.
- Ensure that Direct Deposit Authorization forms are complete.
- Strengthen its payment processes to consistently take advantage of discounts/rebates.



Detailed Findings

Payroll Transactions

Auditors developed a sample totaling \$185,192.05 from a group of 10 employees and 47 payroll transactions to ensure the Office complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed one exception in this group of transactions.

Missing/Incomplete Payroll Documentation

In the review of payroll transactions, auditors identified four employees who did not have documentation, or had incomplete documentation, in their personnel file or the HR/payroll system to support the amounts paid to them. Specifically,

- One employee received an equity pay adjustment. However, the related personnel action form was not signed by the supervisor/manager authorized to approve the personnel action.
- Three individuals who received a one-time merit payment did not have the required documentation to demonstrate the employee's job performance and productivity were consistently above the normal or expected levels. The Office provided an Employee Development and Performance Review for two of the three individuals. However, the reviews were not signed by the employee or their supervisor/manager.

The personnel action form that documents an action concerning a state employee must specify/contain certain information including but not limited to the action taken and its effective date, the dated signature of an employee authorized to approve personnel actions, and the position type, employee type, job title and salary before and after the action. See [Texas Payroll/Personnel Resource – General Provisions, Required Documentation](#).

Texas Government Code authorizes state agencies to grant merit salary increases or make one-time merit payments to eligible employees whose job performance and productivity are consistently above the normal or expected levels. See [Texas Government Code, Section 659.255](#). Agencies must use specific criteria and maintain documentation to support granting merit salary increases or one-time merit payments to their employees. See [Texas Payroll/Personnel Resource – General Provisions – Salary Adjustments for State Agency Employees](#). Agencies should be able to demonstrate that the employee's current performance and productivity have been consistently above the normal and expected levels.



Additionally, according to the Office's Merit Salary Increases and One-Time Merit Payments policy: To be eligible for a one-time merit payment, the employee's personnel file should contain an evaluation completed within the preceding 14 months, and the merit recommendation must reflect that the employee's job performance and productivity level are consistently above that which is normally expected or required. Without signatures of approval by the employees and their supervisor/manager, the performance evaluations do not adequately serve as supporting documentation of an employee's job performance and productivity as required for one-time merits.

According to the Office, it was unaware of these requirements. The Office indicated that at the time of the issues, it was struggling during the pandemic with remote work and just one accountant with multiple job functions.

Recommendation/Requirement

The Office must ensure that completed and signed documentation is created and maintained as evidence that all employee salary actions and compensation amounts are accurate, proper and appropriately authorized. Required documentation includes, but is not limited to, authorized approvals (e.g., personnel action forms) for all employee salaries or salary actions and, for merit-based salary actions, completed and signed performance evaluations. If electronic systems are used to maintain documentation, all required information should be captured to show the action and its authorization. Supporting documentation should be maintained in accordance with the applicable retention schedule and be retrievable for reference and review.

Office Response

The Senior Accountant is responsible for preparing personnel action forms, as directed by the Executive Director, ensuring that performance evaluations have been completed as required prior to salary actions. The Executive Director, along with OCFW management, is responsible for conducting regular performance reviews and giving completed evaluations to the Senior Accountant. In addition, we are adopting a revised personnel action form that includes the date of the last employee performance evaluation, so that it is easier for the OCFW Executive Director and Senior Accountant to ensure that the necessary performance evaluations have been completed prior to salary actions. The Executive Director and Senior Accountant are responsible for reviewing, signing and dating all personnel action forms. The Senior Accountant is responsible for electronically storing necessary personnel forms.

Purchase Transactions

Auditors developed a sample of 25 purchase transactions totaling \$62,617.95 to ensure the Office complied with the GAA, [eXpendit \(FPP 1.005\)](#) and pertinent statutes. Audit tests revealed one exception in these transactions. Another non-compliance issue related to prompt payment rules is discussed separately under the Travel and Travel Card Transactions section, finding titled Prompt Payment Errors.



Missing Documentation of Vendor Compliance Verification – Warrant Hold Check

Auditors identified one purchase transaction where the Office was unable to provide evidence of completing one of the required vendor compliance verifications (VCV). Specifically, the Office could not provide evidence of a warrant hold check that was done before making a payment card purchase over \$500.

State agencies must check warrant hold status if payment is made with local funds, or if a payment card purchase is over \$500. See [TexPayment Resource – Hold Special Circumstances, Local Funds](#) and [Payment Card Purchases](#); see also [eXpendit: Restricted Expenditure – Persons Indebted to the State](#). State agencies may not proceed with a payment card purchase over \$500 until the warrant hold, if any, has been released. This requirement applies to any vendor debt or delinquency, regardless of when it arises.

According to the Office, understaffing was the main cause of this issue; it stated there was no time to complete everything.

While payments made through the Uniform Statewide Accounting System (USAS) are automatically checked for vendor holds, this particular transaction was paid using a credit card; individual credit card transactions do not flow through USAS, so USAS cannot check the vendor's warrant hold status.

Recommendation/Requirement

The Office must consistently perform all applicable vendor compliance verifications, including the warrant hold check, and ensure the results are documented in the purchase file. Furthermore, the Office must ensure that payment card holders do not proceed with or finalize a credit card purchase over \$500 if the intended vendor is on hold.

Office Response

Prior to 2022, all OCFW accounting, accounts payable, budgeting, purchasing and HR was handled by a single accountant. In late 2021, OCFW management converted another position to hire another accountant. Currently, the OCFW finance group, is comprised of two accountants, has undergone a complete transformation and change in personnel. Under the leadership of the Senior Accountant, they have implemented new policies that ensure that all applicable vendor compliance verifications are timely completed, the results of such checks are documented, and payment is not made on credit card purchases of over \$500 if a hold exists.



Travel and Travel Card Transactions

Auditors developed a sample of 24 travel transactions totaling \$10,738.82 to ensure the Office complied with the GAA, [Textravel \(FPP G.005\)](#) and pertinent statutes. Audit tests revealed the following exceptions for this group of transactions. Auditors also developed a sample of two non-overnight travel (meals) transactions totaling \$288.60. Audit tests revealed no exceptions for this group of transactions.

Incomplete Travel Vouchers

Auditors identified multiple travel transactions where the travel voucher was incomplete, or had inaccurate or inconsistent information. Specific findings include:

- Six instances where the travel voucher was not signed for approval by the traveler's supervisor, as required by the Office's internal travel policy, effective January 2021.
- In two of the six instances noted above, the travel voucher was also not signed and/or not dated by the traveler/claimant, as required by the travel voucher instructions; see [Texas Government Code, Section 660.027\(b\)](#).
- One instance where the travel voucher listed inconsistent information relating to travel dates and destination. It also provided inadequate details to fully support incidental expenses claimed.
- Two instances where the travel voucher provided inadequate details to fully support mileage reimbursement claimed.
- One instance where the travel voucher omitted required details for each day of travel.

When a traveler/claimant signs the travel voucher, the claimant certifies that the claimed expenses are true and correct. Without such a certification, there is an increased risk that the Office might pay for expenses which are inaccurate or fictitious.

According to the Office, around the time of these transactions, the agency was understaffed. One person handled all finance, accounting, human resources, procurement, travel, budgeting, etc., which caused the agency to fall behind on reviewing and processing travel vouchers, among other tasks.

Recommendation/Requirement

The Office must ensure that its staff who travel receive training on how to properly complete travel vouchers. Specifically, the Office must ensure that travel vouchers are:

- Completed with all applicable fields and details filled out, and that information across fields is consistent and accurate.



- Signed and dated by the traveler/claimant as required by the Texas Government Code.
- Signed and dated by the traveler's supervisor as required by the Office's internal travel policy.

Office Response

Over the last two months, we have been giving OCFW staff additional training on travel rules as well as how to properly complete a travel voucher. This process will be complete in 90 days. In addition, we are using docusign to ensure that not only are all vouchers signed prior to payment, but the signatures are dated.

Travel Reimbursement Not Processed Timely

In one travel transaction reviewed, the Office did not pay the employee on time. According to [Texas Government Code, Section 660.019](#), state agencies have 45 days from the time a state employee submits a request for reimbursement of travel expenses to process and pay the reimbursement, if the request was submitted in accordance with the state agency's policies and procedures for travel expense reimbursement and state travel rules. In this case, the agency did not make payment until the 58th day.

According to the Office, around the time of these transactions, the agency was understaffed. One person handled all finance, accounting, human resources, procurement, travel, budgeting, etc., which caused the agency to fall behind on reviewing and processing travel vouchers, among other tasks.

Recommendation/Requirement

The Office must process all travel vouchers promptly to ensure that reimbursement to the employee is paid within 45 days of the voucher being submitted in accordance with the Office's policies and procedures for travel expense reimbursement, and state travel rules.

Office Response

Prior to 2022, all OCFW accounting, accounts payable, budgeting, purchasing and HR was handled by a single accountant. In late 2021, OCFW management converted another position to hire another accountant. Currently, the OCFW finance group, is comprised of two accountants, has undergone a transformation and change in personnel. Under the leadership of the Senior Accountant, they have implemented new policies to ensure that travelers are reimbursed in a timely fashion. In addition, OCFW management has worked to have OCFW accountants prioritize staff reimbursements.



Under and Over Payment of Travel Reimbursement

Auditors noted four travel transactions with reimbursement amounts over or under the approved applicable rates. In one travel transaction, the Office used an incorrect rate for the reimbursement of miles driven in a traveler's personal vehicle. As a result, the Office underpaid the traveler.

According to [Textravel: Transportation – Mileage in Personal Vehicle](#), a state agency is not required to reimburse employees at the maximum rate. Under [Texas Government Code Section 660.007\(b\)](#), a state agency may specify a mileage reimbursement rate that is lower than the maximum allowable rate per mile. However, the agency must notify affected individuals in writing about the lower rate before implementing it. The Office's internal travel policy specified the maximum allowable rate for the fiscal year during which this expense was incurred, and there was no notification to the traveler in this case that a lower rate would be used.

Additionally, in one travel transaction reviewed, the Office reimbursed the traveler for meal expenses incurred during travel. However, for two days of the travel, the traveler claimed meal expenses in amounts greater than the maximum allowable rate (i.e., the GSA per diem rate); instead of reimbursing only up to the GSA rate, the Office reimbursed the full expense amount on these two days. This resulted in an overpayment of travel reimbursement.

In another out-of-sample travel transaction, auditors noted that the travel voucher also claimed meal expenses in amounts greater than the maximum allowable rate (per the Office's policy, 75% of the GSA per diem rate for the first and last day of travel). This resulted in additional overpayment of travel reimbursements.

In another travel transaction reviewed, a comparison calculation was included in the travel file showing that using a rental vehicle would have been the lower cost option. The traveler indicated on the travel voucher that no rental cars were available, but provided no additional detail or documentation (e.g., screen shots or printouts) to support this statement. Following the Office's own policy, the mileage reimbursement was capped to the lower cost of the estimated rental amount. However, the Office reimbursed the traveler for gas claimed on the travel voucher although gas is already accounted for in the mileage reimbursement rate paid when personal vehicle is used. This resulted in an overpayment of travel reimbursement.

According to [Textravel: Meals and Lodging – Meal Reimbursements](#), a state employee may only be reimbursed for his or her actual meal expense not to exceed the maximum meal reimbursement rate for that location.

Additionally, according to [Textravel: Transportation – Mileage in Personal Vehicle](#), the mileage reimbursement rate is inclusive of all expenses (i.e., including fuel) associated with the employee's use of his or her vehicle. Therefore, an additional reimbursement for gas on top of the mileage reimbursement is not allowed.



According to the Office, around the time of these transactions, the agency was understaffed. One person handled all finance, accounting, human resources, procurement, travel, budgeting, etc., which caused the agency to fall behind on reviewing and processing travel vouchers, among other tasks.

Recommendation/Requirement

The Office must ensure that travel reimbursements based on per diem rates established by the GSA do not exceed the GSA rate, which is the maximum allowable rate per state rules, and that travel reimbursement amounts are calculated and paid correctly. The Office must also ensure that unallowed expense items claimed on the travel voucher are not reimbursed to the traveler.

Office Response

OCFW has provided additional training to staff to ensure that travel reimbursements comply with state travel rules, and the reimbursements are calculated and paid correctly.

Prompt Payment Errors

According to the prompt payment law, [Texas Government Code, Section 2251.021\(a\)](#), an agency's payment is overdue on the 31st day after the latest of:

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

The Comptroller's office computes and automatically pays any interest due under the prompt payment law when it is responsible for paying the principal amount on behalf of the agency. See [Texas Government Code, Section 2251.026](#) and [eXpendit: Prompt Payment](#). If a transaction uses a travel-related comptroller object and the payee is a travel services vendor and not an employee, as would be the case for direct-billed travel expenses, such transactions must be manually coded so as to calculate interest. For more information, see [eXpendit: Prompt Payment – USAS Instructions – Interest Control Flag and Reason Code](#).

During auditors' review of the travel transactions, the following prompt payment errors were noted:

- Three payments made six days, 68 days, and 143 days late on three travel vendor's invoices, resulted in late-payment interest owed. The Office coded the payment transactions with an interest control flag of R (which caused the system to refuse to pay interest).



- Payment made 22 days late on the commercial charge card vendor's monthly statement, which resulted in late-payment interest owed. The Office coded the payment transaction with a blank interest control flag (which caused the system to default to not calculate or pay interest).
- In three other travel transactions, the Office also incorrectly coded the payment transaction with a blank interest control flag. However, in these instances the payments were not late, so no late-payment interest was due.

In addition, during auditors' review of the purchase transactions, the following prompt payment error was noted:

- Payment made 11 days late on a purchase vendor's invoice, which resulted in late-payment interest owed. The Office coded the payment transaction with an interest control flag of R. The Office added an amount to cover the interest to the payment over the invoice amount, but it did not account for all the interest owed, leaving additional interest amount unpaid.

The Office processed \$282.23 in actual prompt payment interest during the audit period.

Recommendation/Requirement

The Office must revise its accounting process to ensure that payment transactions are correctly coded to control the calculation of late-payment interest. Specifically, when direct payments are made to vendors who provide travel services (as opposed to reimbursements to state employees), state agencies must manually instruct USAS to calculate interest so that late payments are paid with interest. In contrast, when making payments to non-travel related vendors, state agencies should generally allow USAS to automatically calculate late-payment interest. The Office must both submit payment information for processing and release payments in a timely manner to avoid incurring interest liabilities. In addition, the Office must verify it enters proper due dates to ensure that, if interest is due, it is paid correctly to vendors. See [eXpendit - FPP I.005](#).

Office Response

As noted, the OCFW accounting staff has been completely overhauled. Prior to 2022, all OCFW accounting, accounts payable, budgeting, purchasing and HR was handled by a single accountant. In late 2021, OCFW management converted another position to hire another accountant. Currently, the OCFW finance group, is comprised of two accountants, has undergone a transformation and change in personnel. Under the leadership of the Senior Accountant, they have implemented new policies to ensure prompt payment to avoid interest penalties, and, if interest is due, it is paid correctly to vendors.



Targeted Analysis

Incomplete Confidential Treatment of Information Acknowledgement Forms

Auditors evaluated the Office's compliance with the requirement that all agency users of the Comptroller's statewide financial systems complete a Confidential Treatment of Information Acknowledgement (CTIA) form; see [FPP K.015](#) for further information. A state agency is a custodian of public and confidential information. When a new user needs access to Comptroller systems, the agency's security coordinator has the user read and sign the most recent version of the CTIA form. The agency's security coordinator keeps it on file for as long as the user has access to the systems plus five years.

Audit tests revealed three employees whose CTIA forms were signed, but not dated. Without a dated CTIA form, auditors were unable to verify whether the employee had signed the form prior to accessing state systems for the first time.

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

Recommendation/Requirement

The Office must ensure that CTIA forms are completed by employees before they access state systems for the first time. The form must be signed and dated, and the Office's security coordinator must retain the form for the required period of time. Alternatively, the Office may direct employees to complete the acknowledgment process using the Comptroller's online CTIA System at <https://fmcpa.cpa.state.tx.us/ctia/>.

Office Response

We have implemented these recommendations.

Incomplete Direct Deposit Authorization Forms

Auditors reviewed the Office's procedures to comply with the federal mandate to properly identify and handle payments involving the international transfer of funds.

Of the ten vendors selected and reviewed, two direct deposit forms on file were not properly completed. Specifically, the vendors did not answer the question on whether payments will be forwarded to a financial institution outside the United States. Without a properly completed form on file, the Office was unable to determine whether state funds were forwarded to a financial institution outside the United States.



The Office of Foreign Assets Control requires all direct deposit payments transmitted outside the United States to be identified and monitored. To avoid potential federal penalties, each state agency must:

- Show due diligence in processing all direct deposit payments.
- When possible, ensure the direct deposit payments it issues to accounts at U.S. financial institutions are not ultimately being transferred to financial institutions outside of the United States.

International automated clearing house transactions (IATs) are payments destined for a financial institution outside of the United States. The Comptroller's office does not participate in IATs. If a payee informs an agency a payment is destined for a financial institution outside of the United States, then the agency may not set up that payee for direct deposit.

Recommendation/Requirement

The Office must ensure all payees requesting direct deposit payments submit a completed, signed Direct Deposit Authorization form with the international payment verification question answered. The Office should process a Direct Deposit Authorization form only if it is the proper, signed form with a completed international payment verification section.

Office Response

Thank you for bringing this to our attention. Prior to the audit, we were unaware that the international payment verification question needed to be answered. We now ensure that all direct deposit authorizations are properly filled out and signed.

Loss to the Payment Card Rebate Program

The Office did not comply with the early payment discount/rebate requirements for state agencies because it did not consistently make payment to the commercial charge card program vendor, Citibank, within 30 days.

In a report generated outside of the purchase sample, auditors reviewed all payments to Citibank (Citi) processed in USAS during the audit period as part of the payment card rebate program. Auditors identified late payments resulting in interest payments to the vendor and lost discounts/rebates to the state.

Citi Commercial Charge Card contract [946-M2](#) contains a rebate provision based on the total annual expenditures of all participating entities. In addition to the rebate percentage, an early payment incentive amount accumulates for each day before 30 days from Citi's statement/invoice date if a payment is received in full. Statements are issued on the third of every month and are available to the agencies the next day, the



fourth. Both the prompt payment date and the discount rebate date start the day after the statement/invoice is available on Citi's website. Additionally, since charge-offs for delinquent accounts are deducted from the rebate as credit losses at the rebate-payable level, agencies should pay account balances as quickly as possible.

Citi currently pays a base rebate of 1.93% on payments received 30 days after the statement date, which increases by .75 basis points for each day a payment is processed before 30 days from the statement date. At 31 or more days from the statement date, no rebate is paid. Rebates accrue from the first dollar of spend on all card products including virtual card and ePayables (excluding individual bill).

The Office did not take advantage of the discounts offered by Citi and paid the invoice, on average, 67 days after the statement date. By not taking advantage of the discounts/rebates, agencies hinder the Statewide Procurement Division's ability to negotiate rebates on future contracts.

According to [Texas Government Code, Section 2251.030](#), the Legislature expects government agencies to take advantage of early payment discounts; therefore, agencies should submit payment documents to the Comptroller's office in time to do so.

The Office indicated that credit card statements were not processed and paid on time due to understaffing.

Recommendation/Requirement

The Office should strengthen its payment processes to consistently take advantage of discounts/rebates and avoid the double penalty of lost discounts/rebates and paying late payment interest. The Office should:

- Receive and review its Citi Commercial Card account statements online. Online account statements are available 48 hours from the statement date.
- Work with Citi to develop automated reconciliation for travel and purchase receipts as transactions occur or shortly after the statement is issued.
- Make partial payments, if necessary, based on supporting documentation received, and reconcile and pay as charges are made.

Office Response

Where possible, OCFW will seek to pay credit card charges early to take advantage of rebates.



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.

Audit Scope

Auditors reviewed a sample of the Office of Capital and Forensic Writs (Office) payroll, purchase and travel transactions that processed through USAS and CAPPS from June 1, 2021, through May 31, 2022, to determine compliance with applicable state laws.

The Office 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 Office should implement the recommendations listed in the Detailed Findings of this report. It is the Office'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 Office's documents comply in the future. The Office 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

Jack Lee, Lead Auditor

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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.