



An Audit of the Ninth Court of Appeals

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Executive Summary

Purpose and Scope

The objectives of this audit were to determine whether the Ninth Court of Appeals (Court):

- Processed payments according to applicable state laws, Comptroller requirements and statewide automated system guidelines.
- Maintained documentation to support those payments.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period from Dec. 1, 2021, through Nov. 30, 2022.

Background

The Court, created in 1915, is composed of a chief justice and three additional justices. It has intermediate appellate jurisdiction over both civil and criminal cases appealed from lower courts in 10 Texas counties; over civil cases when judgment rendered exceeds \$250, exclusive of costs, and other civil proceedings as provided by law; and over criminal cases except in post-conviction writs of habeas corpus and when the death penalty has been imposed.

Ninth Court of Appeals website
<https://www.txcourts.gov/9thcoa/>

Audit Results

The Court generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. Auditors found two issues with payroll transactions. 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?	<ul style="list-style-type: none">• Missing established procedure for merit pay increases.• Missing approval for personnel action.	Compliant, Findings Issued
Target Analysis/Ad Hoc Reports	Did the Court comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant

Key Recommendations

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

- The Court must ensure it develops and approves a new policy and procedures governing merit pay increases.
- The Court must ensure the appropriate personnel approve all personnel actions.



Detailed Findings

Payroll Transactions

Auditors developed a sample of 35 transactions totaling \$176,107.79 from a group of 21 employees to ensure the Court complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed two exceptions in this group of transactions.

Missing Established Procedure for Merit Pay Increases

[Texas Government Code, Section 659.255](#) lists requirements for state agencies and courts to provide merit pay increases to their employees. [Section 659.255\(c\)\(1\)](#) requires state agencies to establish procedures to determine whether a classified employee is eligible to receive a merit salary increase or a one-time merit payment from the agency. A review of payroll and personnel transactions included 13 merit pay increases completed while the Court did not have a written procedure for merit payments and salary increases. However, the Court fulfilled the other requirements of the statute. The Court stated that it lost its documented policy during an incident in 2020 and had not drafted a new one.

Recommendation/Requirement

The Court must develop a new procedure for merit pay increases. The procedure should be reviewed and approved by the chief justice.

Court Response

The Chief Justice of the Ninth Court of Appeals has developed and approved a Merit Salary Increases and One-Time Merit Payments Policy that complies with Texas Government Code, Section 659,225. The policy became effective May 1, 2023.

Missing Approval for Personnel Action

One personnel action did not have the formal approval of the person authorized to approve personnel actions. The Comptroller's office requires state agencies to provide documentation supporting the legality, propriety and fiscal responsibility of each payroll payment made from agency funds. Personnel actions require the original dated signature of an employee authorized by the agency to approve those actions. At the Court, the chief justice approves personnel actions. In this case, a former employee was rehired on a part-time, temporary basis, and staff did not provide the required signed hiring letter. The Court satisfied the other Comptroller requirements for personnel actions, including entering employee and job information into the Centralized Accounting and Payroll/Personnel System (CAPPS).



Recommendation/Requirement

The Court must ensure appropriate staff members approve all personnel actions. The Court should use a checklist for personnel actions to ensure no details are omitted.

Court Response

A checklist for all new hires and re-hires has been updated to ensure a form approving the personnel action is signed and dated by the Chief Justice of the Ninth Court of Appeals.

Targeted Analysis

The audit included targeted analyses outside the main samples of payroll, purchase and travel transactions. Using USAS, Citibank or other systems accessible by the Comptroller's office, auditors generate several special reports to analyze additional processes relevant to the audited entity. Such processes may include interagency transfers, refunds to payroll, proper coding of payment card transactions, and others. Audit tests revealed no exceptions in the Court's targeted analysis reports.



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.

Audit Scope

Auditors reviewed a sample of the Ninth Court of Appeals payroll transactions that processed through USAS from Dec. 1, 2021, through Nov. 30, 2022, to determine compliance with applicable state laws.

The Court 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 Court should implement the recommendations listed in the Detailed Findings of this report. It is the Court'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 Court's documents comply in the future. The Court must ensure that the findings discussed in this report are resolved.

Audit Methodology

The Expenditure Audit section uses limited sampling to conduct a post-payment audit, and relies on professional judgment to select areas the auditor considers high risk.



Fieldwork

Each auditor in the Expenditure Audit section approaches each audit with an appropriate level of professional skepticism based on the results of the initial planning procedures.

If an auditor suspects during an audit that fraud, defalcation or intentional misstatement of the facts has occurred, the auditor will meet with his or her supervisor, the Statewide Fiscal Oversight manager, or both, to decide what action or additional procedures would be appropriate.

Audit Authority

State law prohibits the Comptroller's office from paying a claim against a state agency unless the Comptroller's office audits the corresponding voucher.

- Texas Government Code, Sections 403.071(a), 403.078, 2103.004(a)(3).

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher.

- Texas Government Code, Section 403.071(g)-(h).

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis.

- Texas Government Code, Sections 403.011(a)(13), 403.079, 2155.324.

Audit Team

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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.