



# An Audit of the **University of Texas M.D. Anderson Cancer Center**

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# Executive Summary

## Purpose and Scope

The objectives of this audit were to determine whether the University of Texas M.D. Anderson Cancer Center (Center):

- 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 University of Texas M.D. Anderson Cancer Center's mission is to eliminate cancer in Texas, the nation and the world through outstanding programs that integrate patient care, research, prevention and education.

**University of Texas M.D. Anderson Cancer Center website**

<https://www.utsystem.edu/institutions/university-of-texas-md-anderson-cancer-center>

## Audit Results

The Center generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. However, the Center should consider making improvements to its payroll, purchase/procurement, and payment and travel card processes.

The auditors noted no recurring issues from the previous post-payment audit issued on July 2, 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?	<ul style="list-style-type: none"><li>• Incorrect salary reimbursement amount.</li><li>• Underpayment of longevity pay.</li><li>• Incorrect Human Resource Information System (HRIS) Reporting.</li></ul>	Compliant, Findings Issued
<a href="#">Purchase/Procurement and Payment Card Transactions</a>	Did purchase/procurement and payment card transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"><li>• Discount not taken.</li><li>• Sales tax not payable.</li><li>• Missing conflict of interest disclosures.</li><li>• Failure to post contract to the LBB.</li><li>• Missing vendor compliance verifications.</li><li>• Failure to report to the vendor performance tracking system (VPTS).</li><li>• Improper use of Texas Identification Number (TIN)/ incorrect vendor name.</li><li>• Missing warrant hold checks.</li></ul>	Compliant, Findings Issued
<a href="#">Travel Card Transactions</a>	Did travel card transactions comply with the GAA, Center policies and procedures, pertinent statutes, and Comptroller requirements?	Failure to cancel state-issued card upon termination	Compliant, Findings Issued
Refund of Revenue	Did refund of revenue transactions 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 for the Center include:

- Ensure payroll reimbursements are valid, accurate and do not include any excess payroll transactions.
- Ensure the state effective service dates for employees are correct and enhance internal controls to prevent incorrect longevity payments.
- Improve its current payroll processes and ensure all payroll and personnel financial transactions are reported to the Human Resource Information System (HRIS) accurately, timely, and in the manner, frequency and form required by the Comptroller's office.
- Ensure it takes advantage of all applicable discounts.
- Ensure sales taxes are not paid with state funds.
- Ensure all employees involved in procurement complete the conflict of interest disclosure.
- Report contracts and contract documents to the Legislative Budget Board in accordance with the GAA.
- Conduct all vendor compliance checks before any purchase, contract award, extension or renewal.
- Report purchases over \$25,000 to the VPTS.
- Ensure it follows Uniform Statewide Accounting System (USAS) policies and procedures when processing third-party transactions and that reimbursement requests include proper vendor and employee-level detail.
- Ensure a vendor's warrant hold status is checked on all applicable purchases.
- Ensure employee state issued travel credit cards are cancelled upon the employee's termination.



# Detailed Findings

## Payroll Transactions

Auditors developed a sample totaling \$128,295.67 from a group of 25 employees and 98 payroll transactions to ensure the Center complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed the following exceptions in this group of transactions. Additionally, a limited sample of 20 voluntary contributions transactions were audited.

### Incorrect Salary Reimbursement Amount

Auditors identified one instance where the Center received excess state reimbursement for an employee's salary payment. An employee who originally was paid semi-monthly switched to a monthly payment schedule with a higher pay rate effective Sept. 1, 2021, due to a promotion. Rather than receiving the one monthly paycheck for that month (on Oct. 1), the employee was paid \$5,925 mid-month (Sept. 15) and again on Oct. 1. The Oct. 1 payment was corrected internally by the Center to reflect the post-promotion monthly pay rate; however, the adjustment was not processed in USAS and thus the Center was reimbursed both the mid-month amount based on the previous pay rate and the full post-promotion monthly salary amount on Oct. 1 in error.

Auditors ran an ad hoc report to retrieve transactions in USAS and noted the Center failed to reverse the \$5,925 transaction amount. Auditors also noted that subsequent reimbursement transactions for the salary payments to this employee were for the full amount, and that no transactions were ever reduced to offset the excess reimbursement from the state treasury.

According to the Center, the payroll for this individual was adjusted using a code that overrides regular salary (ORS), which is a negative number to the matching Regular (REG) code. In this instance, USAS did not include the earning code ORS; hence, the correction was not reflected in USAS. The Center contacted its appropriation control officer for guidance on how to remedy the overpayment and submitted the correction in the May 23, 2023 reimbursement submission.

An excess reimbursement from the state is erroneous and reduces state funds. Institutions of higher education issue the payroll payments to their employees from funds held in local bank accounts. After processing the payroll from local funds, the Center processes a reimbursement payroll to claim the authorized portion of salary costs from appropriated funds. See [Texas Payroll/Personnel Resource, General Provisions, Types of Payroll Documents](#).



## Recommendation/Requirement

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The Center must review and enhance its processes for preparing reimbursement payroll documents to ensure payroll reimbursements are valid, accurate and do not include excess payroll transactions. The Center submitted the correction in USAS on May 23, 2023.

## Center Response

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*MD Anderson agrees with the finding and acknowledges that one employee was paid incorrectly in the month following a job change that resulted in a change to their payroll frequency (from twice a month to once a month paychecks). The incorrect overpayment was corrected on the following payroll run but was not corrected in USAS. When the issue was identified, MDACC reached out to our contact at the TX Comptroller's Office on how best to remedy the issue. The over-payment from USAS was corrected on May 23, 2023.*

*A refresher training for the MD Anderson personnel on the correct business process for updating the payroll transactions and reporting has taken place.*

## Underpayment of Longevity Pay

Auditors identified one employee in the payroll sample who had prior service at Texas A&M University-Kingsville. The Center confirmed this with a background profile check during hiring/onboarding. However, it appears the Center did not include this period of prior service in its calculation of the adjusted effective date of state service. As a result, the Center underpaid the employee \$20 in longevity for the month of June 2021.

When an agency or institution of higher education hires an employee, it must research whether the employee has prior state employment. If prior employment exists, the agency or institution must confirm the amount of lifetime service credit and properly record it or risk making incorrect longevity payments. Also, an employee may receive longevity pay for the month in which he or she has accrued 24 months of lifetime service credit only if the employee's anniversary falls on the first working day of the month. Otherwise, the employee begins receiving longevity pay on the first of the following month. See [Texas Payroll/Personnel Resource, Non-Salary Payments, Longevity Pay](#) and [General Provisions, Lifetime Service Credit](#).

## Recommendation/Requirement

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The Center must review its controls and internal operating procedures to ensure:

- Prior state service records are accurate.
- Lifetime service credit is correctly granted based on prior state service.
- Longevity pay is correctly calculated based on the lifetime service credit.



The Center should continue to review each employee's job application for prior state service information, as well as continue its current practice of verifying such service. Once verified, the Center must ensure the adjusted effective date of state service is properly recorded in the accounting and payroll systems such that longevity pay increases occur at the correct times.

The Center must research past transactions to determine the total amount of underpayment over the course of the employee's time with the Center and compensate the employee for the underpaid longevity payments.

## Center Response

*MD Anderson agrees with the finding and acknowledges that one employee failed to report prior state employment as the student Rabbit Manager from May 2014 to December 2014 at TX A&M Kingsville resulting in an incorrect calculation of longevity pay of \$20.*

*To improve the process for identifying new hires with prior state service, the Human Resources On-boarding team put into practice a request for all new employees to complete the Previous State Employment documentation as part of the on-boarding process.*

## Incorrect Human Resource Information System Reporting

In a review of the payroll transactions sampled, auditors determined that none of the 98 transactions complied with HRIS reporting requirements because they were incomplete or reported inaccurately. The Center reported all sampled payroll transactions in HRIS using comptroller object 7015 – Higher Education Salaries – Classified Employees or comptroller object 7010 – Higher Education Salaries – Professional/ Administrative Employees, regardless of the comptroller object used to record the transactions in USAS.

Within the sample of 98 transactions, 45 were longevity or overtime payments, which should have used comptroller object 7022 and comptroller object 7021, respectively, in HRIS. Payroll transactions must be reported into HRIS using the comptroller objects that match those used in the corresponding transactions recorded in USAS. Additionally, for the other 53 salary and wages transactions in the sample, auditors noted the Center reported other non-salary transactions using comptroller object 7015 or comptroller object 7010 in HRIS. The incorrect reporting to HRIS applied to all 25 employees in the sample.

Additionally, in 12 instances, a market rate adjustment made by the Center, which was a personnel action that affected pay rate, was not reported in HRIS. These must be reported using Reason Code 929 – Equity, market, or scale adjustment. In one instance, a transfer that did not affect pay rate was not reported in HRIS. This must be reported using Reason Code 926 – Intra-agency lateral transfer.





The Center believed Reason Code 929 entries were being reported as part of its regular programmed interface for reporting to HRIS. However, upon further investigation auditors found that Reason Code 929 entries were not reported for the market adjustments. These errors occurred due to oversight by the Center's personnel. Agencies reporting to HRIS are responsible for reviewing the relevant HRIS screens to verify that programming interfaces are in fact reporting the intended entries.

The Comptroller's office collects and maintains payroll and personnel information on all state employees. The information is used to report statistics to various legislative and oversight bodies, media and the public. Institutions of higher education must report personnel and payroll events to HRIS as outlined in [34 Texas Administrative Code Section 5.41\(h\)-\(i\)](#). If the Comptroller's office detects an error in a state agency's report of personnel or payroll information, the Comptroller's office will provide the agency a description of the error. The agency must then correct the error according to Comptroller requirements. For additional information on HRIS reporting, see [HRIS Reporting Requirements – Higher Education \(FPP M.005\)](#) and [Reason Code Resources and Classification Salary Schedules \(FPP R.022\)](#).

## Recommendation/Requirement

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The Center must ensure all payroll and personnel financial transactions are reported to HRIS in an accurate and timely manner. The report to HRIS must be made in the manner, frequency and form required by the Comptroller's office.

## Center Response

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*MD Anderson agrees with the finding and acknowledges that there were missing data elements in our HRIS reporting. A project team was activated to address the issue. The project team identified the missing data elements and revised the reporting program to include all required data submissions. The reports for August and September were modified to include the specific codes identified as missing by the auditors. Additionally, the team revised the sqr report to ensure that all pay codes have been identified and included in the report. The revised sqr was effective for the Oct. 1, 2023 report submission. The group will review on a routine basis to ensure that any new, revised or additional employment codes are appropriately captured for state reporting.*

## Purchase/Procurement and Payment Card Transactions

Auditors developed a sample of 30 purchase transactions totaling \$2,238,656.37 and 20 payment card transactions totaling \$48,837.91 to ensure the Center complied with the GAA, Center policies and procedures, and pertinent statutes. Audit tests revealed the following exceptions in these transactions.



## Discount Not Taken

Auditors identified one purchase/procurement transaction where the Center failed to take the benefit of a vendor discount to a total charge of \$8,525 for one payment. The discount would have resulted in a savings of \$255.75. The issue occurred due to an oversight by Center staff. The Center stated that it will ensure its staff is aware of any contract discounts and will continue to review all invoices upon receipt to determine if a discount applies.

## Recommendation/Requirement

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The Center must review all invoices upon receipt to determine if they include a discount. Prior to processing the payment, the Center should compare the cost/benefits of early payment versus scheduling payments. If the Center determines the discount is beneficial to the state, it should route the invoice promptly through its payment process and not schedule the payment so that it can take advantage of the discount. If the discount is not beneficial to the state, the Center should schedule the payment in accordance with payment scheduling guidance on [eXpendit - Payment Scheduling](#). The Center should retain the supporting documentation of the cost/benefit analysis in its files.

## Center Response

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*MD Anderson agrees with the finding and acknowledges that the institution failed to apply a 3% discount on the purchase of a one-year service agreement that would have reduced the requested reimbursement by \$255.75. MD Anderson will ensure that our staff are aware of any contract discounts and will continue to review all invoices upon receipt to determine if a discount is applicable.*

## Sales Tax Not Payable

Auditors identified one purchase transaction where the Center paid state sales tax. The charge and subsequent reimbursement were not payable with state funds. The purchase, lease or rental of a taxable item to an exempt organization is tax exempt when the organization or an authorized agent pays for the item and provides the vendor with an exemption certificate. See [34 Texas Administrative Code Section 3.322\(g\)\(2\)](#). The Center stated that sales tax on this invoice was paid in error. An employee in accounts payable failed to identify the sales tax on the invoice and exclude the amount when the invoice was entered into its accounting system. The Center will provide additional training and instruction to its accounts payable team on identifying invoices with sales tax included.



## Recommendation/Requirement

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The Center must thoroughly review invoices for sales tax to ensure these are not paid with state funds. The Center should consider recovering the tax reimbursement.

## Center Response

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*MD Anderson agrees with the finding and acknowledges that sales tax of \$24.64 was paid in error on an invoice dated April 30, 2021. We will provide additional training and instruction to our Accounts Payable team on identifying invoices with sales tax included.*

## Missing Conflict of Interest Disclosures

Auditors identified three purchase/procurement transactions, paid for with appropriated funds, where the required conflict of interest disclosures were missing. Professional standard of ethics requires anyone involved in the sourcing event to report any conflict of interest with the contracting organization or any sub-contracted organizations. The Center stated it was following policies it believed fulfilled any potential conflict of interest situation.

State agency employees, including higher education institutions, performing purchasing functions under the Statewide Procurement Division's (SPD's) delegated authority are required to adhere to the same ethical standards required of Comptroller's office employees. Contract developers and purchasers, each state agency employee or official who is involved in procurement or in contract management for a state agency certify their compliance with the conflict-of-interest prohibition described in the Texas Government Code by completing a combined non-disclosure and conflict of interest certification or a conflict-of-interest disclosure prior to engaging in any purchasing activity. Non-disclosure and conflict of interest certification must be signed on a regular basis. The format and the timing of when the certification must be signed on a periodic basis (e.g., every fiscal year, calendar year, employment date anniversary) may vary according to each agency's policy.

This disclosure requirement applies only to a contract for the purchase of goods or services solicited through a purchase order if the amount of the purchase order exceeds \$25,000. See [Texas Government Code, Section 2261.252](#).

## Recommendation/Requirement

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The Center must revise its policies to ensure all employees or officials who are involved in procurement or in contract management complete disclosures confirming the absence of a conflict of interest with respect to any contract with a vendor or bid for the purchase of goods or services from a vendor.



## Center Response

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*MD Anderson agrees with the finding. MD Anderson will ensure that the existing annual conflict of interest certification/disclosure process, conducted by Institutional Compliance in accordance with MD Anderson's standard policy, is documented and reportable/verifiable for each employee or official who is involved in procurement or in contract management.*

## Failure to Post Contract to the Legislative Budget Board (LBB)

Auditors identified one contract that was not reported to the LBB. According to the [General Appropriations Act, 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 awarding the contract.

## Recommendation/Requirement

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The Center must report contract awards including amendments to the LBB to comply with the [General Appropriations Act \(GAA\), Article IX, Section 7.04](#) and the [LBB Contract Reporting Guide](#).

## Center Response

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*MD Anderson agrees with the finding and acknowledges that one contract was identified during the audit that was not reported to the LBB. This one contract was an oversight, and the importance of reporting all applicable contracts will be reemphasized to the appropriate personnel.*

*As an institution of higher education, MD Anderson will continue to report to the LBB via submittal of an attestation letter as required and include contract and solicitation documents as part of attestations where a contract exceeds \$10.0 million, or an attestation where a noncompetitive contract is valued at more than \$1.0 million.*

## Missing Vendor Compliance Verifications

Auditors identified 30 purchase/procurement transactions where the Center was unable to provide evidence of having performed a required vendor compliance verification (VCV).

## Iran, Sudan, and Foreign Terrorist List Organization Checks

The Center did not provide proof that the Iran, Sudan, and Foreign Terrorist List check was performed either electronically or manually. The Center stated this check is executed weekly; however, it was unable to provide details about how this process is performed, or evidence of the checks having been completed and maintained in the procurement files for these transactions.





Governmental 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 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](#). If the vendor is in violation, the contract may not be awarded to that vendor.

## Recommendation/Requirement

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The Center must conduct all VCVs prior to any purchase payment, as well as before any contract award, execution, extension, or renewal and retain dated results from the specified website search results on file as proof of compliance.

## Center Response

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*MD Anderson agrees with the finding.*

*Supply Chain procedures will be updated by May 2024 to incorporate a check of the Iran, Sudan, and Foreign Terror List into the existing vendor compliance verification (VCV) process.*

*Training will be conducted for the appropriate personnel by May 2024.*

*Implementation will be phased in by May 2024, with full implementation to be completed by August 2024.*

## Failure to Report to the Vendor Performance Tracking System (VPTS)

Auditors identified two purchase/procurement transactions over \$25,000 that were not reported to VPTS. The Center stated that this requirement was not completed due to a misunderstanding of the pertinent statute.

Reporting to VPTS identifies suppliers demonstrating exceptional performance, aids purchasers in making 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/or execution issues; it provides scores in four measurable categories for Centralized Master Bidders List (CMBL) vendors and tracks vendor performance for delegated and exempt purchases.

SPD administers VPTS for use by all ordering agencies per [34 Texas Administrative Code Section 20.115](#). 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. See [Texas Government Code, Section 2155.089](#) and [Section 2262.055](#). While Senate Bill 799, 87th Legislature (2021) amended [Section 2155.089\(c\), Texas 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 purchases included in this audit issue were solicited prior to the bill's implementation date.



## Recommendation/Requirement

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The Center must enhance its policies and procedures to ensure vendor performance reports are submitted to VPTS timely. A dated copy of the review results from VPTS must be retained as evidence and included in the procurement file.

## Center Response

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*MD Anderson agrees with the finding and acknowledges that the audit identified two procurement transactions that occurred prior to Sept. 1, 2021 that were not reported to VPTS.*

*Senate Bill 799, 87th Legislature (2021), amended Section 2155.089(c), Texas Government Code to exempt institutions of higher education from VPTS reporting requirements for contract solicitations that began on or after Sept. 21, 2021.*

*As a result of this exemption, there is no additional action needed to ensure compliance on future contract solicitations conducted after Sept. 21, 2021.*

## Improper Use of Texas Identification Number (TIN)/Incorrect Vendor Name

Auditors identified three purchase/procurement reimbursement transactions and one travel reimbursement transaction where the Center selected an improper TIN. The Center claimed this occurred due to lack of training. After generating a report from USAS, auditors determined Center staff had been using this method since 2010. Auditors identified 1,799 expenses totaling \$2,566,535.15 that were processed incorrectly during the audit period using this approach. The Center stated the issue occurred due to the Accounts Payable department being unable to locate a vendor identification number in the Texas Identification Number System (TINS) or USAS. Additionally, two of these transactions' vendor names, along with a third separate transaction within the same sample, were mislabeled with an incorrect vendor name. The Center has provided additional training to the individuals responsible for reporting data in USAS.

The Center processed these reimbursements in USAS using its own TIN number instead of setting up and using the TIN of all vendors involved in these transactions as required. 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 how state agencies and institutions of higher education must process third-party payments through USAS.

Similarly, auditors determined that the Center selected an incorrect vendor name for the same three purchase/procurement and one travel reimbursement transactions mentioned above. The transactions listed the Center as the vendor instead of the actual vendor names. The name of the vendor entered in USAS must match the vendor's name that appears on its respective requisition, as well as the quote, bill of lading,



purchase order (PO), invoice and reimbursement voucher. A state agency is responsible for reviewing each expenditure for accuracy and completeness before it submits the voucher to the Comptroller's office for processing. A state agency must comply with the following requirements concerning its vouchers and/or system entries:

- A purchase and the resulting payment for that purchase must be made in accordance with applicable statutes and regulations and the Comptroller's rules.
- The Comptroller's office may require a state agency to make available the proper supporting documentation to support the legality and fiscal responsibility of a payment. The Comptroller's office may require the documentation to be made available during a pre-payment audit, post-payment audit or at any other time.
- If required by the Comptroller's office, a citation of the relevant statutory authority must be listed in the supporting documentation, unless the authority for the purchase is obvious. The Comptroller's office may ask a state agency to cite the relevant statutory authority when necessary to audit a voucher.

A state officer or employee may not submit a purchase voucher to the Comptroller's office if the officer or employee has any doubts about the legality, propriety or fiscal responsibility of any payment that would result from the voucher. The officer or employee may not rely on the Comptroller's office audit to prevent a questionable payment from being made or to reverse an invalid payment after it has occurred.

## Recommendation/Requirement

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The Center must ensure reimbursements to its local funds include the proper vendor information in TINS. Each vendor that provides goods or services for the Center must have its own individual number set up in TINS. If there is not a pre-existing identification number in USAS, then the Center must create one. The Center must ensure it follows USAS policies and procedures when processing third-party transactions and ensure that reimbursement requests include proper vendor and employee level detail required by FPP A.043.

## Center Response

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*MD Anderson agrees with the finding and acknowledges that three transactions were submitted with incorrect vendor name or incorrect taxpayer identification numbers. Additional training has been provided to the individuals responsible for reporting data via USAS.*

## Missing Warrant Hold Checks

Auditors identified 19 purchases over \$500 where Center employees did not verify the vendor's warrant hold status before using the state issued payment card. The Center's policy for payment cardholders requires the employees to check the warrant



hold status for the vendors prior to making the purchases. The cardholders are then supposed to record the date they checked the warrant hold status on their monthly transaction log. It is the Center's responsibility to ensure it does not use state funds indirectly to pay vendors that are on warrant hold. The cardholders did not list the date in which vendor hold status was checked, as required in the guidelines.

The Center must check warrant hold status if the transaction involves a written contract; 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](#). The Center cannot proceed with a purchase made with local funds or a payment card purchase over \$500 until the warrant hold has been released. See [Texas Government Code, Section 2252.903\(a\)](#).

## Recommendation/Requirement

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The Center must instruct its employees to review its procedures for checking and maintaining warrant hold status documentation for all applicable payment card purchases. The Center must ensure that employees check each vendor's warrant hold status before using a payment card for purchases over \$500 and maintain the document for audit review.

## Center Response

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*MD Anderson agrees with the finding and acknowledges that Vendor Warrant Hold Check on 19 ProCard transactions over \$500 were identified. All cardholders have been reminded of the requirement to note the vendor hold check date on the log for any ProCard purchase over \$500, as indicated in the program guidelines. The requirement for the Vendor Warrant Hold Check for purchases over \$500 will be added to the ProCard training.*

## Refund of Revenue Transactions

Auditors reviewed two refund of revenue transactions submitted for reimbursement totaling \$30,254,763.81 to ensure the Center complied with the GAA, Center policies and procedures, and pertinent statutes. Audit tests revealed no exceptions for this group of transactions.

## Travel Card Transactions

Auditors developed a sample of 21 travel card transactions totaling \$16,291.36 to ensure the Center complied with the GAA, Center policies and procedures, and pertinent statutes. Audit tests revealed the following exceptions for this group of transactions.





## Failure to Cancel State-Issued Travel Card Upon Termination

During the review of the travel card transactions, auditors identified one instance where the Center failed to cancel a state-issued travel card upon an employee's termination on Aug. 31, 2019. The former employee continued to use the state-issued travel card and charged a total of \$19,607, until the Center cancelled the card in November 2022. The Center discontinued its individual billed account program effective May 31, 2023.

**34 Texas Administrative Code Section 20.413(d)** states that state agencies must cancel state-issued travel credit cards upon an employee's termination or when an employee uses the card for personal transactions, or any other misuse.

### Recommendation/Requirement

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The Center must ensure it collects and cancels employee state travel credit cards upon termination of employment. The Center must also ensure that state travel charge cards are only used by state agencies, officials, and employees, and ensure the travel card is used for business related charges while in travel status.

### Center Response

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*MD Anderson agrees with the finding and acknowledges that the audit identified that twelve of the sampled transactions were made by an individual that was no longer employed by MDACC but continued to use the IBA card. The expenses were not submitted to the institution for reimbursement and no state funds were expended on these transactions. However, the account should have been cancelled when the individual left employment with the institution. When the issue was identified, the card was cancelled immediately. The Individual Billed Account Card program was cancelled with all remaining active accounts closed as of May 31, 2023.*

## Fixed Assets

Auditors reviewed a limited number of fixed assets acquired by expenditures during the audit period to test for accurate reporting and to verify the existence of the assets. All assets tested were in their correct locations and properly recorded in the Center's internal system. Audit tests revealed no exceptions in these transactions.



# Appendices

## Appendix 1 — Objectives, Scope, Methodology, Authority and Team

### Audit Objectives

The objectives of this audit were to:

- Ensure payments are documented so a proper audit can be conducted.
- Ensure payment vouchers are processed according to the requirements of any of the following:
  - Uniform Statewide Accounting System (USAS),
  - Uniform Statewide Payroll/Personnel System (USPS),
  - Standardized Payroll/Personnel Reporting System (SPRS),
  - Human Resource Information System (HRIS) or
  - The Centralized Accounting and Payroll/Personnel System (CAPPS).
- Verify payments are made in accordance with certain applicable state laws.
- Verify assets are in their intended locations.
- Verify assets are properly recorded for agencies and institutions of higher education that use the State Property Accounting (SPA) system.
- Verify voucher signature cards and systems security during the audit period are consistent with applicable laws, rules and other requirements.

### Audit Scope

Auditors reviewed a sample of the University of Texas M.D. Anderson Cancer Center (Center) payroll, purchase and refund of revenue transactions that processed through USAS from June 1, 2021, through May 31, 2022, to determine compliance with applicable state laws.

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

*Anna Calzada, CTCD, CTCM, Lead Auditor*

*Alberto Lañas, CTCD, CTCM*

*Jack Lee*



## 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.