



# An Audit of **Texas A&M University at San Antonio**

Audit Report #749-23-01  
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# Executive Summary

## Purpose and Scope

The objectives of this audit were to determine whether Texas A&M University at San Antonio (University):

- 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 Sept. 1, 2021, through Aug. 31, 2022.

## Background

Established on May 23, 2009, the University is the first upper-division institution of higher education in South San Antonio. The University provides 37 undergraduate and 19 graduate degree programs in education, business, information technology and cybersecurity, criminology, and biology.

Texas A&M University at  
San Antonio  
<https://www.tamusa.edu/>

## Audit Results

The University generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. Auditors found no issues with travel, refunds of revenue or property management. However, the University should consider making improvements to its payroll and purchase/procurement processes.

The auditors reissued two findings from the previous audit conducted at the University related to incorrect longevity payment amounts and longevity paid to an ineligible employee.

Auditors originally issued these finding in May 2016. 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 state effective service date/incorrect longevity payment amounts	Compliant, Findings Issued
<a href="#">Purchase and Payment Card Transactions</a>	Did purchase and payment card transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> <li>• Missing vendor compliance verifications.</li> <li>• Missing purchase documentation.</li> <li>• Improper payment of state sales tax.</li> </ul>	Compliant, Findings Issued
Travel and Travel Card Transactions	Did travel and travel card transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Refunds of Revenue	Did refund of revenue transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Fixed Assets	Were tested assets in their intended location?	No issues	Fully Compliant
<a href="#">Targeted Analysis</a>	Did transactions from the targeted analysis comply with the GAA, pertinent statutes and Comptroller requirements?	Longevity paid to ineligible employee	Compliant, Findings Issued

Repeat Finding

## Key Recommendations

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

- Confirm any prior state service is verified and properly recorded to ensure longevity payment increases occur at the correct times.
- Conduct all vendor compliance verifications (VCVs) before any purchase/procurement, contract award, extension or renewal, and retain results from the specified website in the procurement file.



- Ensure all payments have adequate supporting documentation to justify and validate each purchase.
- Ensure staff members using procurement cards are properly trained and do not pay sales tax.
- Ensure employee data is entered correctly in the internal payroll/personnel system to prevent longevity payments to ineligible employees.



# Detailed Findings

## Payroll Transactions

Auditors developed a sample totaling \$436,751.13 from a group of 30 employees and 153 payroll transactions to ensure the University 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 10 voluntary contribution transactions was audited with no exceptions identified.

## Incorrect State Effective Service Date/Incorrect Longevity Payment Amounts

Auditors identified one employee with incorrect months of state service credit in the University's internal payroll/personnel system, resulting in a longevity overpayment.

The University obtained verifications of the dates of prior state service but did not notice that for seven months, the employee held two positions at the same time. When a state employee has two state jobs, the employee may only receive one set of benefits, including longevity pay. Also, only one of the jobs may add to the total months of state service, but in this case the total months from both jobs were counted, causing seven months to be counted twice. According to the University, this was an oversight.

When an agency hires an employee, the agency must research whether the employee has prior state service. If prior state service exists, the agency must confirm the amount of lifetime service credit and properly record it or risk incorrect longevity pay. See [Texas Payroll/Personnel Resource - Longevity Pay](#).

## Recommendation/Requirement

The University must continue to review the payroll/personnel record for current and new employees to ensure any prior state service is properly verified and documented, and does not duplicate state service credit in instances of dual state employment, to prevent incorrect longevity payments. The University should consider using the [State of Texas Employment History Application](#) to check for additional prior state service, and when applicable, should request prior state service verifications directly from the listed agencies.

The University should consider recovering the overpayment in accordance with [Texas Government Code, Chapter 666](#).



## University Response

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*The University has determined it will not recover the overpayment of longevity from the employee. New and current employees can update their state service using the Employment Verification Request form available from the Human Resources (HR) office. The completed form will be sent to the HR office. HR will send the state employment verification request form to each Texas state agency listed on the employment verification request form. When all forms for the listed prior state agencies are received, HR will review. If an update to state service is necessary, then the HR office will update the employee's record in the Workday system. If any missed longevity or hazardous duty pay is owed, then HR will work with the Payroll office and submit the request for the pay to the employee.*

## Purchase/Payment Card Transactions

Auditors developed a sample of 15 purchase transactions totaling \$124,671.70 and 10 payment card transactions totaling \$5,296.17 to ensure the University complied with the GAA, [eXpendit \(FPP I.005\)](#) and pertinent statutes. Audit tests revealed the following exceptions in these transactions.

## Missing Vendor Compliance Verifications

The University was unable to provide evidence of performing some of the applicable VCVs for six purchase transactions and two payment card transactions. The University must provide evidence, such as a dated screen print, that staff performed each verification.

## Warrant Hold Check

The University did not document vendor warrant hold status verifications before making six purchase transactions and two payment card transactions. 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 – Local Funds](#) and [Payment Card Purchases](#). 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, staff must perform the warrant hold check no earlier than the seventh day before contract execution, 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 person unless the contract requires the University's payments to be applied directly to the person'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 – Persons Indebted to the State](#).

According to the University, the warrant hold check procedure was not implemented until March 10, 2023.



## Iran, Sudan and Foreign Terrorist Organization Check

The University was unable to provide documentation showing it performed the Iran, Sudan and foreign terrorist organization check for three purchase transactions. Agencies may not contract with a company doing business with Iran, Sudan or a foreign terrorist organization. See [Texas Government Code, Sections 2252.001\(2\), 2252.151\(4\) and 2252.152](#). Before award, the University must check the divestment lists to confirm the potential awardee is not in violation of this requirement. See [Texas Government Code, Section 2252.152](#). The divestment lists are maintained by the Texas Treasury Safekeeping Trust Company and posted to the Comptroller's [Divestment Statute Lists](#). If the business is in violation, an agency may not award the contract to that vendor. Documentation provided by the University indicates that the Iran, Sudan and foreign terrorist organization check was not included in the vendor compliance screening checklist during this time.

## Recommendation/Requirement

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The University must conduct all applicable VCVs 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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*This verification was implemented on March 2023 and verification documentation is now required.*

## Missing Purchase Documentation

Two purchase transactions lacked documentation to confirm the receipt of goods or services. The University did not retain evidence that the purchased items were actually received.

If an agency does not confirm receipt of goods or services, it risks receiving incomplete orders or items purchased for personal or non-agency use. Without complete documentation, auditors could not determine whether all goods and services purchased were received as expected and billed.

In addition, for one purchase transaction consisting of three separate invoices, the University was unable to provide copies of the invoices. Without proper documentation, auditors could not determine whether the information entered in the Uniform Statewide Accounting System (USAS) was an accurate reflection of the purchases. Proper documentation must be maintained to verify payments are valid and to ensure a proper audit trail.





Auditors also identified one purchase card transaction missing a monthly reconciliation report. University policy requires cardholders to complete and submit reconciliation reports to their division heads or delegated representatives for approval.

According to [34 Texas Administrative Code Section 5.51\(c\)\(1\)\(D\)](#), agencies must maintain necessary documentation for each purchase document to prove each payment is legal, proper and fiscally responsible. The type of documentation needed to support the legality and fiscal responsibility of a payment depends on the type of claim paid. See [Retention Requirements Concerning Supporting Documentation](#) on eXpendit for more information. Examples of required documentation include purchase orders, requisitions, contracts, invoices, receipts and receiving reports.

In addition, standard business practices and internal controls for ensuring payments are valid require adequate separation of duties in the purchasing process and a comparison (with a three-way match) of:

- The ordering information (purchase order).
- Billed amounts (vendor invoice).
- Confirmation that all goods or services were received as expected (receiving report).

The University stated the errors were due to staff oversight.

## Recommendation/Requirement

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The University must ensure it does not make payments for goods or services without adequate supporting documentation to justify and validate each purchase via the three-way match. An employee independent from the purchasing process should confirm that goods and services were received as expected and should retain the confirmation in agency records. The University must also ensure its policies and training materials include instructions for confirming and documenting the receipt of goods and services, maintaining necessary supporting documentation, and meeting the minimum requirements of the purchasing and payment review/approval process.

## University Response

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*Training has been provided to all staff and faculty on the use of AggieBuy and how to properly receive all items timely in AggieBuy. Training informed faculty and staff on the life cycle of an invoice and PO.*

## Improper Payment of State Sales Tax

For one payment card transaction, the University paid state sales taxes that should not have been paid. The University paid for software training that included sales tax in the final invoice. See [eXpendit – Taxes and Fees Assessed by Governmental Entities](#) and [34 Texas Administrative Code Section 3.322](#). The University stated this was due to staff oversight.



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## Recommendation/Requirement

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The University should enhance training for staff members who make purchases with procurement cards to ensure they do not pay sales tax.

## University Response

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*Training has been provided to all P-Card holders on sales tax exemption. Also, sales tax is paid back to the university when tax is paid.*

## Travel Transactions

Auditors developed a sample of 10 travel transactions totaling \$1,488.71 and 10 travel card transactions totaling \$2,846.62 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.

## Refund of Revenue Transactions

Auditors developed a sample of two refund of revenue transactions totaling \$1,601.22 to ensure the University complied with the GAA, [eXpendit \(FPP I.005\)](#) and pertinent statutes. Audit tests revealed no exceptions in these transactions.

## 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 the assets. All assets tested were in their intended locations. Audit tests revealed no exceptions in these transactions.

## Targeted Analysis

The audit included targeted analyses outside the main samples of payroll, purchase and travel transactions. Using Comptroller statewide financial systems and Citibank's CitiManager Reporting System (CCRS), auditors generated several special reports to analyze additional processes. Such processes may include interagency transfers, refunds to payroll, proper coding of payment card transactions, and others. Audit tests revealed the following exception in the University's targeted analysis reports.

## Longevity Paid to Ineligible Employees

Auditors identified one employee who received longevity pay in error. The employee moved from an administrative position to a full-time faculty position and was inaccurately paid longevity pay for the first full month in the academic position.



According to the University, its system did not process the employee's paycheck that month, and when this was corrected, the longevity pay was inadvertently not removed from the system's payroll information.

Faculty employees in full-time academic positions at institutions of higher education are not eligible for longevity pay. See [Texas Government Code, Section 659.042\(6\)](#).

## Recommendation/Requirement

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The University must enhance its internal controls to ensure staff enters employee data correctly in the internal payroll/personnel system to prevent longevity payments to ineligible employees.

## University Response

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*Longevity is verified with the State of Texas History Application. The HR department utilizes the employment verification request form we receive from state agencies to complete an internal worksheet on all new employees with previous state service. Each previous state agency is listed on this worksheet with the total state service time included. The total state service time is used to enter the longevity information into the Workday System. Before entering the state service time into the employee profile in the Workday system, the HR department audits the internal worksheet.*

*In addition, new employees are required to respond to two questions in the Workday system when onboarding that ask if they have participated in the Teacher Retirement System (TRS) or enrolled in the Optional Retirement Plan at their last place of Texas state employment before transferring to the Texas A&M System. These responses notify the payroll office to confirm previous Texas state employment if necessary. This additional notification along with the completion of the previous state service notification form will assist to document employees eligible for longevity pay and prevent ineligible longevity payments.*



# 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 at San Antonio (University) payroll, purchase and travel transactions that processed through USAS and HRIS from Sept. 1, 2021, through Aug. 31, 2022, 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 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**

*Mayra V. Castillo, CTCD, CTCM, Lead Auditor*

*Scott Coombes, CISA, CRISC, CISSP*

*Angelica Villafuerte, CGAP, CTCD*



## 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.