



An Audit of **West Texas A&M University**

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Executive Summary

Purpose and Scope

The objectives of this audit were to determine whether West Texas A&M University (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 Dec. 1, 2021, through Nov. 30, 2022.

Background

In early 1909, the 31st Legislature authorized the establishment of a state normal school for the education of teachers located somewhere "west of the ninety-eighth meridian." The location for the school, already named West Texas State Normal College, would be Canyon - a young community of 1,400 located near the center of the rapidly developing Texas Panhandle. The college joined the A&M University system as West Texas A&M University in 1990.

West Texas A&M
University website
<https://www.wtamu.edu/>

Audit Results

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

The auditors noted two recurring issues from the previous post-payment audit issued on Nov. 20, 2013. 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"> • Incomplete/incorrect Human Resource Information System reporting. ➤ Incorrect state effective service dates/incorrect longevity payments. 	Compliant, Findings Issued
Purchase/Procurement and Payment Card	Did purchase/procurement and payment card transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	<ul style="list-style-type: none"> ➤ Purchase order created after invoice. • Missing statutory authority for purchase. • Incorrect procurement method used. • Missing documentation. • Failure/late reporting to the Legislative Budget Board. • Missing required contract clause. • Missing vendor compliance verifications. • Failure to report to the Vendor Performance Tracking System. • Prompt pay and payment scheduling errors. • Missing warrant hold checks. 	Noncompliant
Travel and Travel Card Transactions	Did travel and travel card transactions comply with the GAA, University policies and procedures, pertinent statutes, and Comptroller requirements?	<ul style="list-style-type: none"> • Lack of conservation of state funds. • State contracted vendors not used. • Lodging/car rental receipts not in employee name. • Incidental expenses not reimbursable. 	Compliant, Findings Issued

➤ Repeat Finding



Area	Audit Question	Results	Rating
Grants	Did the grant transactions comply with state laws and regulations pertaining to grants?	No issues	Fully Compliant
<u>Fixed Assets</u>	Were tested assets in their intended location and properly reported in the University's internal system?	Missing asset tags/unable to verify asset.	Compliant, Findings Issued
<u>Targeted Analysis</u>	Did targeted analysis transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	Missing/incomplete Confidential Treatment of Information Acknowledgement form.	Compliant, Findings Issued

 Repeat Finding

Key Recommendations

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

- 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 the state effective service dates for employees are correct and enhance internal controls to prevent incorrect longevity payments.
- Ensure documentation of an agreement is prepared before ordering goods or services from a vendor.
- Ensure it does not purchase goods or services with appropriated funds that it does not have statutory authority to purchase.
- Follow procurement procedures to accurately and effectively select the procurement method that best achieves the identified business requirements and procurement objectives while adhering to state statutes.
- Maintain the required documentation to support the legality and fiscal responsibility of the payment.
- Report contracts and contract documents to the Legislative Budget Board in accordance with the GAA.
- Ensure all required contract clauses are included in agreements to better protect the interests of the state.



- Conduct all vendor compliance verifications before any purchase, contract award, extension, or renewal.
- Report purchases over \$25,000 to the vendor performance tracking system (VPTS).
- Ensure it submits payment information for processing and releases payments in a timely manner to avoid incurring interest liabilities. In addition, it must ensure interest is paid correctly to vendors and payment scheduling rules are followed.
- Ensure a vendor's warrant hold status is checked on all applicable purchases.
- Enhance procedures for travelers to complete cost comparisons prior to travel and subject to approval to safeguard state resources.
- Ensure state contracts are used when possible.
- Ensure expenses and receipts are in the employee's name.
- Ensure all travel expense claims are thoroughly reviewed for legality and accuracy before reimbursement.
- Put processes in place to ensure it accounts for all property.
- Ensure all employees sign the Confidential Treatment of Information Acknowledgement (CTIA) form prior to accessing the Comptroller systems and ensure the original CTIA forms are kept on file.



Detailed Findings

Payroll Transactions

Auditors developed a sample totaling \$206,850.91 from a group of 30 employees involving 205 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, auditors reviewed a limited sample of 11 voluntary contributions transactions and noted no additional findings.

Incomplete/Incorrect HRIS Reporting

In the review of the University's payroll transactions, auditors identified 11 instances where specific information was not reported to HRIS. In instances where information was reported, auditors found some items that were reported incorrectly. The University must ensure all payroll and personnel financial transactions are reported to HRIS in an accurate, timely manner and form required by the Comptroller's office.

In one instance, the University did not report a payroll transaction for a temporary, casual, and sporadic worker to HRIS. While the University is not required to report the hiring of temporary employees, the University is required to report the payroll transactions and entitlements using entitlement code TSK. See [HRIS Reporting Requirements - Higher Education: Chapter 2 - Reporting Personnel and Payroll Data \(FPP M.005\)](#). Since the University is not required to report the hiring of temporary employees, it mistakenly believed their payroll transactions were exempt from reporting as well. The University conducted research with its HRIS reporting team and will report payroll transactions for temporary employees to HRIS.

Auditors noted the University did not report six promotions to HRIS. Promotions are personnel actions that must be reported using reason code 920. See Reason Code Resources and Classification Salary Schedules (FPP R.022). The University was not aware that promotion reason codes were not being reported to HRIS. The University instituted programmatic changes to its internal system and will report promotions using reason code 920 in the future.

Additionally, the University reported one incorrect new hire date, reported one incorrect termination date, reported one incorrect entitlement code, and did not report one retirement transaction. For additional information on HRIS reporting, see [FPP M.005 - HRIS Reporting Requirements - Higher Education](#). According to the University, these were most likely operator errors. The University submitted Letters of Authorization to HRIS staff to make the correct entries.



The University corrected most of the transactions in its internal personnel/payroll system during fieldwork.

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, the 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\(h\)-\(i\)](#).

Recommendation/Requirement

Auditors recommend the University enhance its internal system to ensure it reports to HRIS:

- All pertinent information accurately.
- Temporary, casual, or sporadic worker payroll information.
- Promotion actions using the correct reason code.

University Response

These were entry issues at Texas A&M University System Office as the payroll system used by TAMUS is centralized. We are working with System to ensure entries going forward are correct.

Incorrect State Effective Service Dates/Incorrect Longevity Payments

Auditors identified two employees with incorrect state effective service dates in the University's internal payroll/personnel system. The incorrect state effective service dates resulted in incorrect longevity payments. According to the University, antiquated records were most likely the result of these incorrect longevity payments.

When state effective service dates are incorrect, longevity entitlements might be paid incorrectly. The incorrect state effective service dates noted in the audit sample resulted in one underpayment and one overpayment.

When an agency hires an employee, the agency must research whether the employee has prior state employment. If prior employment exists, the agency must confirm the amount of lifetime service credit and properly record it or risk incorrectly paying longevity pay. 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 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](#).



Recommendation/Requirement

The University must correct the state effective service date for the active employee, correct its method of calculating lifetime service credit, and enhance its internal controls to prevent incorrect longevity payments. The University must promptly correct the underpayment of compensation. See [34 Texas Administrative Code Section 5.40\(c\)](#). The University should consider recovering the overpayments in accordance with [Texas Government Code, Chapter 666](#).

University Response

The entry errors were from prior administration. These errors were during the use of manual and/or antiquated computer systems. We currently verify all state service and input/track through the new Workday software.

Purchase/Procurement and Payment Card Transactions

Auditors developed a sample of 25 purchase transactions totaling \$1,324,492.89 and 11 payment card transactions totaling \$286,149.63 to ensure the University complied with the GAA, University policies and procedures, and pertinent statutes. Audit tests revealed the following exceptions in these transactions.

Purchase Order Created After Invoice

Auditors identified four purchase transactions where the University created a purchase order (PO) after receiving the invoice. Without a PO issued to the vendor that includes the agreed upon terms, auditors were unable to verify whether the University was charged accurately for goods or services. The University at the time of audit was issuing POs for these recurring invoices after an invoice was received. The University now issues blanket POs for these purchases ahead of the invoice if it is notified of the purchase in advance.

According to [34 Texas Administrative Code Section 5.51\(c\)\(1\)\(D\)](#), a state agency and its officers and employees must maintain the necessary documentation for each purchase to prove the payment is legal, proper, and fiscally responsible. Supporting documentation must be made available to the Comptroller's office in the manner required. See [34 Texas Administrative Code Section 5.51\(e\)\(2\)-\(3\)](#). Such documentation must be maintained until at least the end of the second appropriation year after the appropriation year in which the transaction was processed in the Uniform Statewide Accounting System (USAS). See [34 Texas Administrative Code Section 5.51\(e\)\(5\)\(A\)](#).



Recommendation/Requirement

The University must prepare documentation of an agreement before ordering goods or services from a vendor. Once the University has made a final approved agreement with the vendor, it may not pay more than the agreed upon amount.

University Response

The University has had a "no after the fact" purchase order policy for many years. Purchasing employees check all invoice dates to ensure that a Purchase Order was created before the product or services are received. Corrective actions are taken as per the WTAMU Procurement Manual.

Blanket PO'S now are issued in advance for recurring invoices.

ATF Actions:

- 1. First offense results in a written warning via the Non-Compliant Purchase Requisition Letter and the offender shall take the Online Purchasing Basics training through TrainTraq.*
- 2. Second offense results in a verbal warning via a meeting with the non-complying department.*
- 3. Third offense results in disciplinary actions including removal of delegation of authority, official reprimand, or termination.*

Missing Statutory Authority for Purchase

Auditors identified one transaction where the University purchased a new roof for its auxiliary enterprise/event center. The University requested reimbursement for this transaction from Higher Education Funds (HEF) without having statutory authority to do so. The event center was funded in the 1990s in part with HEF. The University believed it had the authority to use additional HEF for the maintenance and repairs of the building due to the state contribution. According to the University, the First United Bank Center (FUBC) was constructed using state funds and is used for educational and general purposes on a regular basis. Based on those facts, the University felt it was appropriate to use HEF for roof repairs.

Higher Education Fund (HEF)

Funding to support agencies and institutions of higher education not supported by available university funds.

With these funds, agencies and institutions can acquire land (with or without permanent improvements); construct, repair, or rehabilitate buildings; and purchase capital equipment and library materials used for both educational and general activities. Funds may also be used for auxiliary enterprises to the extent of their use for educational and general activities. See [Texas Constitution, Article VII, Section 17\(a\)](#) for more information.



Use of HEF for a University auxiliary enterprise, such as the FUBC Events Center roof repair is limited to the extent of the use of the event center for educational and general activities. See [eXpendit – General Provisions – Responsibilities of State Agencies – Statutory Authority for Purchases](#), [eXpendit – Higher Education – Provisions Relating to Only to Institutions or Agencies of Higher Education – Higher Education Funds](#).

Recommendation/Requirement

The University must update its policies and procedures to ensure it does not use HEF to purchase goods or services that it does not have statutory authority to purchase.

University Response

Documentation and instructions have and will continue to be sent out to all HEF account custodians advising them of the policies from the state for HEF purchases. This will include the general principles guiding the use of HEF funds and who will be the final authority of the use of institutional use of HEF funds. The procedure will also detail HEF restricted purchased and the purchasing process using HEF funds.

Incorrect Procurement Method Used

Auditors identified one contract in the purchase sample and two payment card transactions where the University failed to select the correct procurement method when procuring goods. The University should have issued a competitive solicitation, but instead created a proprietary/sole source justification. As a result, it purchased goods from the preferred vendor and did not use the competitive process.

While the sole source forms provided a clear explanation of the various products available, they did not identify any unique feature(s) offered by the selected vendors that the University required. The unique characteristics, sources evaluated, and the risk element noted on the forms are not sufficient to support the decision to forgo soliciting competitive proposals.

The correct procurement method must be identified early in the process. If an incorrect procurement method is selected, the purchase may not result in the best value to the state and will most likely be more expensive and less efficient than the correct method and, in the worst case, may result in a void contract that must be resolicited.

If not exempt by the GAA, [Texas Government Code, Chapter 2151](#), or other statute, a purchase must be competitively bid. As defined by [Texas Government Code, Section 2155.067\(c\)](#), the proprietary sole source purchase and a proprietary purchase written justification must:



- explain the need for the specifications.
- state the reason competing products are not satisfactory.
- provide other information requested by the Comptroller.

Recommendation/Requirement

The University must follow procedures to accurately and effectively select the procurement method that best achieves the identified business requirements and procurement objectives while adhering to state statutes regarding the purchase of goods.

University Response

The Procurement Department has become more stringent on the use of Sole Source purchases, and will require on the Sole Source form, the need for the specifications and the reason competing products are not satisfactory.

Missing Documentation

Auditors identified eight purchase transactions and three payment card transactions with missing documentation. The missing documentation included receipts, receiving reports, lack of a valid agreement between the University and vendor, final agreement with vendors including pricing structure, approval documentation, and proof the bid process took place. The University stated that during this time the purchasing department did not require uploading copies of the contracts into their system file when using procurement cards for payment.

Three of the purchase transactions and one payment card transaction could not be verified because there was no valid agreement between the University and the vendor, including pricing structure. Three transactions were missing receiving dates used for prompt payment and payment scheduling laws; two transactions were missing proof of management review; and one transaction was missing proof the required number of bids were obtained and reviewed prior to purchase. See [eXpendit – General Provisions – Responsibilities of State Agencies](#), West Texas A&M University Procurement Manual, and the Texas A&M System Contract Management Handbook.

Recommendation/Requirement

The University must maintain the required documentation to support the legality and fiscal responsibility of each payment. See [eXpendit – General Provisions – Responsibilities of State Agencies](#).



University Response

Both Procurement and Accounts Payable Departments review each individual purchase file before an invoice is paid. All agreements become part of the file kept for that particular purchase.

Failure to Report/Late Reporting to the Legislative Budget Board

Auditors identified nine purchase transactions where the University either failed to report or was late to report contracts to the Legislative Budget Board (LBB). Failure to report or late reporting to the LBB database can result in a lack of transparency in state contracting. The University stated it did not have a way to track contracts year to year that might grow above the reporting threshold. As a result of the audit, the University posted the information in the LBB database.

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.

Recommendation/Requirement

The University must report contract awards and purchases to the LBB to comply with [GAA, Article IX, Section 7.04](#) and the [LBB Contract Reporting Guide](#).

University Response

A program was written to track contracts entered in to the University contract software. A weekly report is created and emailed with the dollar value, start and end date. This report ensures the Procurement Director is able to report all contracts that must be reported per the LBB requirements.

Missing Required Contract Clause

Auditors identified two purchase transactions that did not include the contract clause verifying the vendor was not boycotting Israel. The University agrees this clause was missing from the purchase order terms and conditions and it is working with its legal department to add it.

Agencies and institutions of higher education may not contract with a vendor for goods or services valued at \$100,000 or more unless the contract contains a written verification from the vendor that it does not boycott Israel and will not boycott Israel during the term of the contract. See [Texas Government Code, Chapter 2271](#).

Recommendation/Requirement

The University must ensure all required contract clauses are included in their agreements to better protect the interests of the state.



University Response

All procurement documents, including Purchase Orders and Competitive bidding/RFP terms and Conditions have been updated to reflect the TGC, Chapter 2271 Sec., 2252.001(2), 2252.151(4), 2252.152 & 2252.153.

Missing Vendor Compliance Verifications

The University was unable to provide documentation that it performed vendor compliance verifications (VCVs) for one payment card transaction and 19 purchase transactions. The University must provide proof, such as a screen print, to show it performed each verification. According to the University, it was not performing VCVs on payment card transactions during the audit period. The University will ensure all VCVs are conducted in accordance with applicable state laws.

Iran, Sudan, and Foreign Terrorist Organization List Check

University staff did not document conducting the Iran, Sudan, and foreign terrorist check for 18 purchase transactions before procuring the services. Government agencies may not contract with a company doing business with Iran, Sudan, or a foreign terrorist organization, per [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, per [Texas Government Code, Section 2252.153](#). The divestment lists are maintained by the Texas Safekeeping Trust Company and posted to the Comptroller's [Divestment Statute Lists](#). If the business is in violation, the University may not award the contract to that vendor.

System for Award Management and Office of Foreign Asset Control Check

The University was unable to provide evidence staff conducted timely Office of Foreign Asset Control (OFAC) database checks before awarding a contract for 18 transactions. According to the University, it was not performing vendor compliance checks during the audit period. Agencies must check the System for Award Management (SAM) database before awarding a contract to verify the vendor is not excluded from grant or contract participation at the federal level. A contract cannot be awarded to a vendor named on the U.S. Treasury Department, OFAC's master list of specially designated nationals and blocked persons (with limited exceptions). See [Executive Order 13224](#).

Debarment Check

The University did not search the Debarred Vendor List for 18 purchase transactions before procuring the goods or services. The Texas A&M System Contract Management Handbook requires the contract developer (purchaser) to check the [Debarred Vendor List](#) posted on the Comptroller's website to confirm the vendor has not been



debarred by the Statewide Procurement Division (SPD). An agency must not award a contract to a debarred vendor. SPD may bar a vendor from participating in state contracts for substandard performance, material misrepresentations, fraud, breach of contracts with the state, repeated unfavorable performance reviews under [Texas Government Code, Section 2155.089](#) or repeated unfavorable classifications under [Texas Government Code, Section 2262.055](#). If a vendor is barred, SPD determines the period of debarment.

Recommendation/Requirement

The University must conduct all VCVs before any purchase, contract award, extension, or renewal. Additionally, the University must retain results from each specified website and include them as evidence in the procurement file.

University Response

Pro-card and Purchasing manuals have been updated with the implementation of the Vendor Compliance Verification. Proof of the VCV check is uploaded with receipts in the University Pro-card website and checked monthly for compliance.

Failure to Report to the Vendor Performance Tracking System

Auditors identified two purchase transactions where the University failed to report a contract over \$25,000 to the Vendor Performance Tracking System (VPTS). The University stated it did not report to VPTS as it believed that institutions of higher education are exempt from this requirement.

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](#).

Vendor performance reporting under [Section 2155.089](#) is not part of the procurement of goods and services included in the scope of Education Code, [51.9335\(d\)](#) exemption. Performance monitoring and evaluation is part of contract management, which begins when the contract is awarded.

While Senate Bill 799, 87th Legislature, Regular Session (2021), amended [Section 2155.089\(c\)](#) to exempt institutions of higher education from VPTS reporting requirements for contract solicitations that began on or after Sept. 1, 2021, this contract was solicited before the implementation date of the bill.



Recommendation/Requirement

For solicitations that began before Sept. 1, 2021, the University must report purchases and contracts over \$25,000 to VPTS to identify suppliers demonstrating exceptional performance, aid purchasers in making a best value determination based on vendor past performance and protect the state from vendors with unethical business practices.

University Response

Institutions of Higher Education are not required to submit vendor performance information to the Comptroller. IHEs acquire goods and services pursuant to Education Code, Sec. 51.9335. That section provides subtitle D, Title 10, Government Code, (including Chapter 2155) does not apply to the acquisition of goods or services by IHEs. The requirements for use of the VPTS are found in Government Code, Section 2155.089, from which IHEs are expressly exempt.

Comptroller Response

While it may appear at first that Education Code, Section 51.9335(d) exempts institutions of higher education from Government Code, Title 10, Subtitle D, such a broad exemption would conflict with the definition of “state agency” in Chapter 2151, which specifically includes such institutions. Due to that apparent conflict, the references to “acquisition” and “procurement” in Section 51.9335 must be read as limiting the scope of the exemption. Specifically, institutions of higher education are exempt from procurement provisions in Subtitle D but must follow the rest of the subtitle. Because the reporting of vendor performance under Section 2155.089 is not part of the procurement of goods and services and cannot possibly occur until the procurement process is complete, it is outside the scope of the 51.9335(d) exemption. In addition, the fact that the Legislature listed certain acquisition provisions that apply to institutions of higher education, e.g. Historically Underutilized Businesses (HUB), and procurement from persons with disabilities, further illustrates the distinction between the acquisition provisions in Subtitle D and the rest of Subtitle D. Both the HUB statutes and the procurement from persons with disabilities provisions affect how goods and services are acquired, specifying procurement processes and for some goods which vendors must be used. Senate Bill No. 799, 87th Leg., 2021, amended Section 2155.089(c), Government Code, to exempt Institutions of Higher Education from VPTS reporting requirements for contract solicitations that began on or after Sept. 1, 2021.

Prompt Payment and Payment Scheduling Errors

In the purchase sample, auditors identified one transaction that was paid late but interest was not paid to the vendor; two transactions that were paid late with underpaid interest; and six transactions where early scheduled payments resulted in interest loss to the state treasury. According to the University, new staff used incorrect payment due dates due to lack of training.



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

[Texas Government Code, Section 2155.382\(d\)](#), authorizes the Comptroller's office to allow or require agencies to schedule payments that the Comptroller's office will make to a vendor. The Comptroller's office must prescribe the circumstances under which advance scheduling of payments is allowed or required; however, the Comptroller's office requires advance scheduling of payments when it is advantageous to the state. Payments over \$5,000 must be scheduled for distribution 30 days from the last received, either the invoice or completion of services/receipt of goods, or:

- As prescribed by the contracts or specific arrangements covering the payments.
- On the last day a payment can be made without accruing interest under the prompt payment law.

Otherwise, agencies must justify the cost effectiveness of making a payment early or explain the business reason for paying early. See [eXpendit - Payment Scheduling](#). There is a [Prompt Payment Due Date and Interest Rate Calculator](#) on the [eXpendit](#) website that can be used to calculate due date.

Recommendation/Requirement

The University must review its procedures to ensure it both submits payment information for processing and releases payments in a timely manner to avoid incurring interest liabilities. In addition, the University must verify proper due dates are entered to ensure that, if interest is due, it is paid correctly to vendors and that payment scheduling rules are followed. See [eXpendit \(FPP I.005\)](#).

University Response

Accounts payable checks for the latter of goods received, service is completed, or date of invoice. We use the prompt pay date calculator on the Expendit website for invoices over \$5,000.00 to calculate the due date (30 days).



Missing Warrant Hold Checks

University staff did not verify the vendor's warrant hold status before making ten purchase transactions with the payment card. The University's policy for payment cardholders requires the employees to check the vendor warrant hold status before making the purchases. The cardholders must then record the date they checked the warrant hold status on their monthly transaction log. It is the University's responsibility to ensure it does not use state funds indirectly to pay vendors that are on warrant hold. According to the University, it was not performing warrant hold checks on payment card transactions during the audit period.

University staff must check warrant hold status if:

- The transaction involves a written contract.
- The payment is made with local funds.
- or -
- A payment card purchase is over \$500.

See [TexPayment Resource – Hold Special Circumstances, 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 has been released. Although payments made through USAS are automatically checked for holds, and the system identifies payments issued to persons with outstanding state debt, this does not relieve the University from conducting the warrant hold status check, per [Texas Government Code, Section 2252.903\(a\)](#).

Recommendation/Requirement

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

University Response

Missing vendor hold searches and/or vendor hold searches not printed before the purchase will require a 3 day suspension from all ProCard purchases and the Pro-Card training will be required to be re-taken. The 3 day suspension will commence on the date the infraction is found by the Purchasing department. At that time, an email notice will be provided to the card holder and their supervisor.



Travel and Travel Card Transactions

Auditors developed a sample of 15 travel transactions totaling \$5,436.76 and 10 travel card transactions totaling \$88,103.65 to ensure the University complied with the GAA, University policies and procedures, and pertinent statutes. Audit tests revealed the following exceptions for this group of transactions.

Lack of Conservation of State Funds

Auditors identified four separate transactions that were missing detailed travel cost comparison documentation. The University provided rental car vs. vehicle mileage calculations for other sampled transactions but failed to do so for these transactions. The personal vehicle mileage was used in the four instances resulting in \$1,287.45 in excess of auto rentals as calculated by the auditors. Since the University did not provide copies of the calculations, it could not verify whether the travel method used was the most cost-effective option. The mileage comparisons for these four transactions were not completed due to oversight.

The University must determine whether it is more cost-effective to rent a vehicle or reimburse mileage in a personally owned or leased motor vehicle. Using the mileage calculator is not a requirement; agencies may instead make their own calculations and include other factors not included in the calculator. Regardless of the method of cost comparison used, agencies must ensure the supporting documentation for a travel voucher complies with statute. See [Texas Government Code, Section 660.027](#).

An agency must retain documentation that supports its compliance with [Texas Government Code, Section 660.007](#), which requires agencies to minimize the amount of travel expenses paid or reimbursed to an employee by ensuring each travel arrangement is the most cost-effective considering all relevant circumstances.

Recommendation/Requirement

Supporting documentation must be maintained and made available during an audit to justify the validity of a payment for auto rental vs. personal vehicle mileage reimbursement, when the costs are significantly higher.

The University must ensure it has adequate supporting documentation for all expenditures before processing a payment or reimbursement.

University Response

The WTAMU Travel Guide, Travel Website and training materials have been updated to include instructions for payments with mileage reimbursement must utilize the rental vehicle vs. mileage reimbursement calculator on the Texas Comptroller of Public Accounts website here: <https://fmx.cpa.texas.gov/fmx/travel/mileage/index.php>.



The Travel Specialist will ensure by review that all mileage reimbursements processed will include the rental vehicle vs. mileage reimbursement calculator to conserve state funds.

State Contracted Vendors Not Used

Auditors identified three instances on two travel reimbursements where the travelers did not use the state contracted vendors. Two instances were for lodging and the other one was for car rental. These instances led to the University paying a higher amount. The University stated that the use of non-state contracted vendors was an oversight.

The contracted travel service should be considered as a policy unless an approved exception exists, in which case the exception should be documented on or with the travel voucher.

Recommendation/Requirement

The University must ensure state contracts are used when possible unless there is a documented allowable exemption that explains the reason for not using a state contract.

University Response

The WTAMU Travel Guide, Travel Website and training materials have been updated to include the following information when reimbursing from or allocating to a state account:

"If a hotel will be used and allocated to or reimbursed from a state account, you must use Hotel Engine when booking your hotel stay".

"When traveling on a state account, you must use American Airlines, Southwest Airlines or Delta Airlines. Follow the instructions on the State Management Program's website".

The Travel Specialist will ensure by review that state contracts are used when possible, and when not possible, that an exemption is used explaining an allowable reason for not using a state contracted vendor.

Lodging/Car Rental Receipts Not in Employee Name

Auditors identified three travel transactions for one employee where the lodging receipt and two car rental receipts were not in the traveler's name. These were separate travels involving the same employee incurring state expenses under the spouse's name in both travel instances. The University stated these issues occurred due to lack of travel policy training.

Without a receipt in the employee's name, there is no documentation showing the employee requesting reimbursement made the payment as required. This required proof could be a receipt, credit card slip, a credit card billing, or a canceled check.



See [TexTravel - Documentation Requirements - Lodging Expenses](#) and [TexTravel - Documentation Requirements - Transportation](#).

Recommendation/Requirement

The University must ensure expenses and receipts are in the employee's name for all future travel related expenses. A policy addressing this should be strongly considered. The University must provide training to its employees informing them of this requirement.

University Response

The WTAMU Travel Guide, Travel Website and training materials have been updated to include the following wording "Reservations, receipts and expenses must be in the WTAMU Faculty or Staff member's name otherwise the cardholder will need to reimburse the charge(s)."

The Travel Specialist will ensure by review that all reservations, receipts and expenses are in the faculty or staff member's name.

Incidental Expenses Not Reimbursable

Auditors identified a travel transaction where an employee was reimbursed for expenses that included tips for two separate taxi fares. According to [Texas Government Code, Section 660.002\(10\)\(D\)](#), a tip is not considered a reimbursable incidental expense. Additionally, [Texas Constitution, Article III, Section 51](#), prohibits the use of the state money for private purposes, including tips.

The University stated this issue occurred due to oversight.

Recommendation/Requirement

The University must ensure all travel expense claims are thoroughly reviewed for legality and accuracy before reimbursement and must ensure that tips are not reimbursed.

University Response

The WTAMU Travel Guide, Travel Website and training materials have been updated to include the following wording "When using a state account for travel allocations or travel voucher reimbursements, remember that alcohol, tips/gratuities and Texas state taxes are not allowed and will need to be split and allocated to a local account and are not reimbursable on a travel voucher."

The Travel Specialist will ensure by review that all state account travel voucher reimbursements and charges allocated to a state account do not include tips.



Grant Transactions

Auditors developed a sample of four grant transactions totaling \$13,553.58 to ensure the University complied with state laws and regulations pertaining to grants. Audit tests revealed no exceptions for this group of transactions.

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. Audit tests revealed the following exceptions for this group of transactions.

Missing Asset Tags/Unable to Verify Asset

In the review of ten fixed assets, auditors identified six assets that did not have asset labels attached. Additionally, another asset could not be accounted for because it was with an employee who was off campus for the summer months.

[Texas Government Code, Section 403.272](#) states that a state agency must be able to account for all property. According to [Texas Government Code, Section 403.2715](#), institutions of higher education must account for all personal property. At the time of acquisition, the university should make all reasonable efforts to tag capitalized and controlled assets despite difficulty finding a suitable location to attach tags.

Recommendation/Requirement

The University must enhance its procedures and put processes in place to ensure it accounts for all property.

University Response

Purchase orders are checked for any Capitalized Inventory items at the time they are converted from requisition to a Purchase Order. Those purchase orders are then sent to the University Asset Coordinator. The Asset Coordinator also conducts a monthly Pro-Card purchase audit for items over \$5,000 and adds them to the inventory if found. All fixed asset items are tagged and entered in to the Fixed Asset module.

Targeted Analysis

The audit included targeted analyses outside the main samples of payroll, purchase, and travel transactions. Using Comptroller statewide financial systems and Citibank 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 exceptions in the University's targeted analysis reports.



Missing/Incomplete Confidential Treatment of Information Acknowledgement Form

As a routine part of the security review, auditors evaluated the University's compliance with the requirement that all users of the Comptroller's statewide accounting systems complete a [Confidential Treatment of Information Acknowledgement \(CTIA\)](#) form. Auditors identified three instances where the University did not comply with CTIA requirements. In one instance, an employee signed the form after accessing the system, another employee filled out the form but did not date it, and finally, the University was unable to provide a form for one employee. According to the University, the missing/incomplete form information was an oversight.

Before accessing Comptroller systems, agencies must ensure employees and contractors have signed the CTIA form or electronically acknowledged its terms and conditions, and have reviewed the [Comptroller's Public Information Summary Disclosure Manual for Employees and Contractors](#).

Recommendation/Requirement

The University must enhance its CTIA procedures to:

- Ensure it maintains these forms for all employees.
- Ensure all employees sign the form prior to accessing the Comptroller systems.
- Ensure the original forms are kept on file as long as users have access to the Comptroller systems (plus the five-year retention period).

University Response

All forms are issued and signed before new access is requested. The missing form was several years old before this new process was implemented. The new process has been working and captures the form and signature before access is granted.



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 West Texas A&M University payroll, purchase, and grant transactions that processed through USAS and HRIS from Dec. 1, 2021, through Nov. 30, 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 the University's documents comply in the future. The University must ensure the findings discussed in this report are resolved.



Audit Methodology

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

Fieldwork

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

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

Audit Authority

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

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

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

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

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

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

Audit Team

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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.