



# An Audit of the Texas Parks and Wildlife Department

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# Executive Summary

## Purpose and Scope

The objectives of this audit were to determine whether the Texas Parks and Wildlife Department (Department):

- Procured contracts according to applicable state laws and Comptroller requirements.
- 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, 2022, through May 31, 2023.

## Background

The Texas Parks and Wildlife Department provides outdoor recreational opportunities by managing and protecting wildlife and its habitats and acquiring and managing parklands and historic areas. It has inherited the functions of many state entities created to protect Texas' natural resources. The Department's mission is to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing and outdoor recreation opportunities for the use and enjoyment of present and future generations.

Texas Parks and Wildlife  
Department website

<https://tpwd.texas.gov/>





## Audit Results


The Department generally complied with the General Appropriations Act (GAA), other relevant statutes and Comptroller requirements. Auditors found no issues with travel, state employee relocations, grants, refund of revenue transactions or fixed assets. However, the Department should consider making improvements to its payroll transactions, real property transactions, and purchase and procurement processes.

The auditors reissued five findings from the last audit conducted at the Department related to incorrect longevity payments, missing vendor compliance verifications, noncompliance with the State Auditor's office (SAO) nepotism disclosure statement requirements, missing Vendor Performance Tracking System reporting and missing dual employment documentation. Auditors originally issued these findings in August 2019. 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 state effective service date/incorrect longevity payments             </li> </ul>	<b>Compliant, Findings Issued</b>
<a href="#">Purchase, Payment Card and Real Property Transactions</a>	Did purchase, payment card and contract transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> <li>• Missing statutory authority for purchase.</li> <li>• Missing documentation to adequately support payments.</li> <li>• Missing record of solicitation announcements.</li> <li>  Missing vendor compliance verifications (VCVs).             </li> <li>• Noncompliance with Texas Ethics Commission Certificate of Interested Parties (Form 1295) requirements.</li> <li>  Noncompliance with State Auditor's office (SAO) nepotism disclosure statement requirements.             </li> <li>• Noncompliance with Legislative Budget Board (LBB) reporting requirements.</li> <li>• Prompt payment error.</li> <li>• Missing HUB subcontracting progress assessment report (PAR).</li> <li>  Missing pre-award Vendor Performance Tracking System (VPTS) check and failure to report to VPTS.             </li> <li>• Missing approved settlement statement.</li> </ul>	<b>Noncompliant</b>

 Repeat Finding



Area	Audit Question	Results	Rating
Travel and Non-Overnight Travel Transactions	Did travel and travel card transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
State Employee Relocation Transactions	Did moving and relocation transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Grant Transactions	Did grant transactions comply with the GAA and state laws and regulations pertaining to grants?	No issues	Fully Compliant
Refund 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 locations and properly reported in the State Property Accounting System?	No issues	Fully Compliant
<a href="#">Targeted Analysis</a>	Did transactions from the targeted analysis comply with the GAA, pertinent statutes and Comptroller requirements?	 Missing dual employment notification/missing proof of coordination/agreement with dual agency	Compliant, Findings Issued

 Repeat Finding

## Key Recommendations

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

- Review each employee's job application and prior state employment form to ensure all prior service is properly recorded and to ensure accurate longevity payment.
- Update policies and procedures to ensure the Department does not purchase goods or services if it does not have statutory authority to do so.
- Ensure staff maintains documentation that clearly supports the appropriateness and allowability of each purchase expenditure.



- Ensure the Department keeps all documentation supporting its compliance with the vendor solicitation and Centralized Master Bidders List (CMBL) requirements.
- Ensure the Department conducts all applicable vendor compliance verifications before any purchase, contract award, extension and/or renewal, and retains proof of the verifications as part of its files.
- Ensure vendors submit a completed and signed Texas Ethics Commission (TEC) Form 1295 to the Department for any contracts over \$1 million.
- Ensure the Department's procurement staff completes the SAO's nepotism disclosure form before awarding a contract over \$1 million.
- Ensure the Department reports contracts to the Legislative Budget Board (LBB) and submits required written notifications to the LBB.
- Update its procedures to ensure it both submits payment information for processing and releases payments in a timely manner to avoid incurring prompt payment interest.
- Ensure the Department maintains all applicable documentation to support compliance with rules and provisions for historically underutilized businesses.
- Ensure staff checks the Vendor Performance Tracking System (VPTS) before awarding a contract to a vendor, and assesses and reports vendor performance to the VPTS at required intervals or once a contract is completed or terminated.
- Ensure the Department collects all relevant signatures on documentation required to support the purchase of real property, and then maintains the documentation.
- Ensure the Department: documents employee notifications of potential dual employment; contacts the other employer to ensure the employee is compensated correctly; and documents the communication.



# Detailed Findings

## Payroll Transactions

Auditors developed a sample totaling \$888,474.93 from a group of 40 employees and 294 payroll transactions to ensure the Department complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed the following exception in this group of transactions.

### Incorrect State Effective Service Date/Incorrect Longevity Payments

In the review of the payroll transactions, auditors identified one employee with an incorrect state effective service date in the Centralized Accounting and Payroll/Personnel System (CAPPS). The Department failed to verify the information on a verification form submitted by the employee's previous employer, which resulted in a longevity underpayment of \$1,300 and could have affected the employee's eligibility for benefit replacement pay.

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

The Department stated that prior state employment verification is performed as part of new employee orientation. Each employee receives a Verification of Prior State Employment form and is expected to list previous employments, if applicable. When a new employee lists prior state employment, the Department sends a verification form to the former employer. If the past employment is validated, the former employer completes the form with hire and termination dates.

As a result of the audit, the Department contacted the former employer and verified the prior state service. The Department made the required entries in CAPPS and the employee began receiving the appropriate state service credit. The Department is working with the Comptroller's office to compensate the employee for the underpaid longevity pay using regular payroll and miscellaneous claims processes.

### Recommendation/Requirement

The Department must continue to research and verify prior state service for its employees. Per [34 Texas Administrative Code Section 5.40\(c\)\(2\)](#), state agencies' internal operating procedures must include quality control measures that will detect and prevent incorrect employee compensation. The Department should consider enhancing its procedures to include the [State of Texas Employment History Application](#) during the new hire process to ensure employees receive accurate state service credit.



## Department Response

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*HR Division will continue to*

- *review each employee's job application and prior state service employment forms, to include review of the State of Texas Employment History Application, to ensure all prior service is properly recorded and ensure accurate longevity payment.*
- *follow-up on prior state service verifications.*
- *communicate importance of disclosing prior state service during onboarding process.*

*HR Division is currently auditing personnel files to identify any other instances in which there may be incorrect state effective service dates resulting in incorrect longevity payments.*

*HR Division is in the process of incorporating quality control measures to ensure accuracy and completeness of prior state service verifications and entries.*

## Purchase/Payment Card/Real Property Transactions

Auditors developed a sample of 25 purchase transactions totaling \$10,360,962.09, five real property transactions totaling \$9,718,797.23 and 30 payment card transactions totaling \$112,538.63 to ensure the Department complied with the GAA, [eXpendit \(FPP I.005\)](#), the [State of Texas Procurement and Contract Management Guide](#) and pertinent statutes. Audit tests revealed the following exceptions in these transactions.

### Missing Statutory Authority for Purchase

For one payment card transaction, the Department purchased binoculars and laryngoscopes for the Big Time Texas Hunt Big Game event, without authority. The Department was unable to document that it had statutory authority to make the purchase. According to the Department, staff did not follow the applicable process.

Auditors also identified one transaction incorrectly coded to non-overnight travel meals; the Department purchased food for a division retreat lunch without having statutory authority to do so.

The Texas Constitution prohibits state agencies from purchasing food, coffee, cream, sugar and similar items for employees or visitors with state-appropriated funds. See Texas attorney general opinion C-557 (1965). Additionally, according to [eXpendit - Statutory Authority for Purchases](#), a state agency may purchase a good or service only if the agency has specific or implied statutory authority for the purchase. A state agency has implied statutory authority to purchase a good or service only if it is necessary for the agency to fulfill its specific statutory duties.





## Recommendation/Requirement

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The Department must update its policies and procedures to ensure it does not purchase goods or services with appropriated funds if it does not have statutory authority to do so.

## Department Response

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*TPWD is creating a position that will oversee the process for internal compliance checks. This position will be responsible for conducting recurring compliance reviews on active contracts, and pulling reports for payment card transactions to ensure compliance with agency and state policies and procedures.*

## Missing Documentation to Adequately Support Card Payments

Auditors identified 11 payment card transactions missing proper documentation to support the payment and/or its purpose. Three of those transactions were missing multiple types of documentation. Missing items included:

- One transaction lacked supporting documentation such as the business purpose, vendor quote, purchase order, detailed invoices/receipts, proof of services received and completed payment card transaction log. According to the Department, this occurred because staff failed to follow the Department's process.
- Eight transactions did not have documentation that the goods/services were received. Per the Department, for six of the eight transactions, qualified agency staff physically inspected and confirmed the services were completed, but did not create documentation to support the inspections. The Department's staff failed to follow the Department's process for the remaining two transactions.
- Four transactions did not include a copy of the monthly credit card vendor statement supporting the charges made. According to the Department, this occurred because staff failed to follow the Department's process.
- In a report generated outside of the sample, auditors also noted that one payment card charge was missing a detailed receipt and proper documentation that the card holder received the purchased goods. According to the Department, staff attempted to obtain a receipt from the vendor but did not receive one. Additionally, the charge lacked documentation that the cardholder received the goods because the Department's process was not followed.

To support the legality and fiscal responsibility of payments for purchased goods and services, agencies must keep and provide sufficient documentation for their staffs processing the payments and for auditors to determine what was purchased, the price agreed on before purchase, whether the goods and/or services were received, and whether the coding for the expenditure was correct. See [34 Texas Administrative Code Section 5.51](#) for examples of required documentation.



Also, [34 Texas Administrative Code Section 5.57](#) requires state agencies to maintain all receipts vendors issue for payment card purchases. Each receipt must describe the good or service purchased in enough detail to support the expenditure object the agency uses.

## Recommendation/Requirement

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The Department must ensure staff maintains documentation for purchase card expenditures that clearly supports the legitimacy of the payments. Documentation includes, but is not limited to, detailed vendor-provided invoices/receipts, documented business purposes and confirmations of goods/services received. Supporting documentation for purchase card transactions must be thoroughly examined before payment to ensure all charges are appropriate and comply with all applicable rules and regulations; memoranda from an employee should not be accepted in lieu of itemized receipts from vendors and proof of goods/services received.

## Department Response

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*TPWD has policies and procedures in place. Monthly payment card transaction reports are required to be reviewed and approved by the cardholder's supervisor monthly. Monthly reports will be distributed of all unapproved transactions and shared with division credit card coordinators and management to ensure appropriate reviews and approvals are done in a timely manner.*

*TPWD is creating a position that will oversee the process for internal compliance checks. This position will be responsible for conducting recurring compliance reviews on active contracts, and pulling reports for payment card transactions to ensure compliance with agency and state policies and procedures.*

## Missing Record of Solicitation Announcements

One purchase transaction lacked documentation of the Department's solicitation announcements. The Department gave auditors a copy of the CMBL and documentation that the solicitation was posted to ESBD, but was unable to provide a copy of the solicitation announcement or the list of the vendors who received the email.

[Texas Government Code, Section 2155.264](#) and the [State of Texas Procurement and Contract Management Guide](#) – Solicitation – Advertisement – Centralized Master Bidders List require agencies to use the CMBL to solicit quotes from each eligible vendor for procurements over \$25,000, and to send a copy of the solicitation to all vendors on the CMBL bid list for the advertised National Institute of Government Purchasing (NIGP) commodity code(s).

Since the Department lacked documentation that it sent the solicitation to all appropriate vendors on the CMBL as required, it could not prove that it contacted all qualified vendors, or that competition was not impacted.



## Recommendation/Requirement

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The Department should maintain complete documentation to support its use of the CMBL including copies of the solicitation announcements sent to all CMBL vendors.

## Department Response

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*TPWD has policies and procedures in place and checklists that outline each step of the procurement process.*

*TPWD has transitioned to electronic documents and all required documents are uploaded as attachments into CAPPs, our financial system, so they can be found in the future easily. Contract approvers are required to review and ensure all attachments are loaded before approving the CAPPs Contract.*

*TPWD is creating a position that will oversee the process for internal compliance checks. This position will be responsible for conducting recurring compliance reviews on active contracts, and pulling reports for payment card transactions to ensure compliance with agency and state policies and procedures.*

## Missing Vendor Compliance Verifications (VCVs)

Auditors identified three transactions from the purchase sample and five transactions from the payment card sample containing errors related to the Department's duty to perform VCVs. The Department must provide dated evidence, such as a screen print, showing that staff performed each verification. When an agency does not check vendors before purchase or contract award, it risks conducting business with unauthorized vendors or issuing payments to vendors who owe money to the state.

## Warrant Hold Check

The Department was unable to provide evidence it conducted a warrant hold check for five payment card purchases over \$500. [Texas Government Code, Section 2252.903](#) requires agencies to verify a person's warrant hold status for payment card purchases over \$500.

Agencies must not proceed with payment card purchases over \$500 until the warrant hold has been released. See [eXpendit - Persons Indebted to the State](#) and the [State of Texas Procurement and Contract Management Guide](#) - Warrant/Payment Hold Check.

## System for Award Management (SAM) and Office of Foreign Assets Control (OFAC) Checks

The Department did not provide evidence that it conducted SAM and OFAC checks for two purchase transactions.



Agencies must check the 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, Office of Foreign Assets Control's master list of specially designated nationals and blocked persons (with limited exceptions). See [executive order 13224](#).

## Debarment Check

The Department did not search the Debarred Vendor List for three purchase transactions before procuring the goods or services. The contract developer must check the [Debarred Vendor List](#) posted on the Comptroller's office website to establish that the vendor has not been debarred by the State Procurement Division (SPD). An agency must not award a contract to a debarred vendor. The SPD may bar a vendor from participating in state contracts for substandard performance under a contract. See [Texas Government Code, Section 2155.077](#) and the [State of Texas Procurement and Contract Management Guide](#) – Vendor Compliance Verifications.

## Recommendation/Requirement

The Department must conduct all vendor compliance verifications before any purchase, contract award, extension and/or renewal and must retain dated results from the specified website in each of its pertinent purchase, procurement or contract files.

## Department Response

*The Infrastructure Division's Contracting Branch has developed a comprehensive checklist for Contract Managers. The checklist outlines the key steps in the contract development and award process to ensure that nothing is overlooked. It will serve as a helpful tool for Contracting Branch staff to use in tracking their progress while ensuring that each contract is handled in accordance with procurement requirements.*

*In addition, a mandatory training for Contracting Branch staff has been scheduled for Oct. 22, 2024 to discuss the various reporting requirements and steps involved to ensure compliance. Updated guidelines will be distributed to the team during the training to outline the criteria for contract reporting and timelines for submission.*

## Noncompliance With Texas Ethics Commission Certification of Interested Parties (Form 1295) Requirements

For two purchase transactions, the Department did not obtain the required Texas Ethics Commission (TEC) Certificate of Interested Parties (Form 1295) from the vendor before contract award. According to the Department, the vendor did not complete the form for the first transaction before contract award because there was a sense of urgency to not delay the project. The Department added that the original contract for the second



transaction was less than \$1 million, so did not require completion of the form at that time. However, the form should have been completed by the vendor when the change order was issued and the value increased to over \$1 million.

Certain contracts valued at \$1 million or more require completion of Form 1295. Before contract award, the vendor must give the agency a completed, signed form with the certificate of filing number and date. The contract developer must acknowledge the form on the TEC website. It is best practice to mention Form 1295 in the solicitation to give the vendor time to gather the required information early in the process. See [Texas Government Code, Section 2252.908](#).

### Recommendation/Requirement

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The Department must ensure any vendor involved in contract awards of \$1 million or more completes Form 1295 on the [TEC website](#), unless the type of contract involved is exempt from this requirement.

### Department Response

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*The Infrastructure Division's Contracting Branch has developed a comprehensive checklist for Contract Managers. The checklist outlines the key steps in the contract development and award process to ensure that nothing is overlooked. It will serve as a helpful tool for Contracting Branch staff to use in tracking their progress while ensuring that each contract is handled in accordance with procurement requirements.*

*In addition, a mandatory training for Contracting Branch staff has been scheduled for Oct. 22, 2024 to discuss the various reporting requirements and steps involved to ensure compliance. Updated guidelines will be distributed to the team during the training to outline the criteria for contract reporting and timelines for submission.*

*TPWD is creating a position that will oversee the process for internal compliance checks. This position will be responsible for conducting recurring compliance reviews on active contracts, and pulling reports for payment card transactions to ensure compliance with agency and state policies and procedures.*

### Noncompliance With State Auditor's Office (SAO) Nepotism Disclosure Statement Requirements

For two purchase transactions, the Department failed to have procurement employees complete and sign the SAO nepotism disclosure forms before contract award. The Department provided the disclosure form for one of the transactions, but the signatures were all dated after the contract was awarded. According to the Department, the employees did not complete the form for the second transaction before contract award because there was a sense of urgency to not delay the project, but completed the form once the Department realized it had not been done.



The SAO defines purchasing personnel as state agency employees who make decisions or recommendations on behalf of the agency regarding:

- Terms or conditions of a major contract.
- Award of a major contract.
- Solicitation preparation for a major contract.
- Evaluation of a bid or proposal.

See [Texas Government Code, Section 2262.004](#).

## Recommendation/Requirement

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The Department must ensure all procurement personnel involved in awarding contracts of at least \$1 million sign the SAO disclosure statement on the [SAO website](#). The signed statements must be retained in the procurement file.

## Department Response

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*The Infrastructure Division's Contracting Branch has developed a comprehensive checklist for Contract Managers. The checklist outlines the key steps in the contract development and award process to ensure that nothing is overlooked. It will serve as a helpful tool for Contracting Branch staff to use in tracking their progress while ensuring that each contract is handled in accordance with procurement requirements.*

*In addition, a mandatory training for Contracting Branch staff has been scheduled for Oct. 22, 2024 to discuss the various reporting requirements and steps involved to ensure compliance. Updated guidelines will be distributed to the team during the training to outline the criteria for contract reporting and timelines for submission.*

*TPWD is creating a position that will oversee the process for internal compliance checks. This position will be responsible for conducting recurring compliance reviews on active contracts, and pulling reports for payment card transactions to ensure compliance with agency and state policies and procedures.*

## Noncompliance With Legislative Budget Board (LBB) Reporting Requirements

Auditors identified errors in the Department's reporting to the LBB for nine transactions in the purchase sample and two transactions in the real property sample; two of these transactions had multiple issues. Of the eleven transactions with errors, two transactions were not reported to the LBB and four were reported late. Additionally, seven transactions lacked the written notification to the LBB required for construction-related contracts, and two written notifications were submitted late. The Department agreed that the LBB reporting was not completed by the deadline and stated the errors were a result of the Department's processes not being followed.



The [GAA, Article IX, Section 7.04](#), requires state agencies that receive appropriations under the GAA to report contracts over \$50,000 to the LBB, regardless of the funding source or method of finance associated with the expenditure, even if only non-appropriated funds will be expended. Agencies must report to the LBB before the 30th calendar day after awarding a contract or granting an amendment, modification, renewal or extension.

Also, an agency must notify the LBB in writing about any contract over \$50,000 if it is related to a construction project that is exempt from all or part of chapter 2166 under [Texas Government Code, Section 2166.003](#). The amount includes any amendment, modification, renewal or extension. The notice must be on a form prescribed by the LBB and filed no later than the 30th day after the contract date. See [Texas Government Code, Section 2166.2551](#) and the LBB [Contracts](#) database for reporting guidelines and requirements.

## Recommendation/Requirement

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The Department must ensure it reports all applicable contracts to the LBB database and submits written notifications to the LBB for applicable contracts. It must also ensure staff completes the requirements by the deadlines.

## Department Response

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*The Infrastructure Division's Contracting Branch has developed a comprehensive checklist for Contract Managers. The checklist outlines the key steps in the contract development and award process to ensure that nothing is overlooked. It will serve as a helpful tool for Contracting Branch staff to use in tracking their progress while ensuring that each contract is handled in accordance with procurement requirements.*

*In addition, a mandatory training for Contracting Branch staff has been scheduled for Oct. 22, 2024 to discuss the various reporting requirements and steps involved to ensure compliance. Updated guidelines will be distributed to the team during the training to outline the criteria for contract reporting and timelines for submission.*

*TPWD is creating a position that will oversee the process for internal compliance checks. This position will be responsible for conducting recurring compliance reviews on active contracts, and pulling reports for payment card transactions to ensure compliance with agency and state policies and procedures.*

## Prompt Payment Error

Department staff paid one purchase transaction late and did not pay interest owed to the vendor.



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

- 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](#). During the audit period, the Department paid vendors \$51,860.60 in prompt payment interest.

## Recommendation/Requirement

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The Department must update its procedures to ensure it both submits payment information for processing and releases payments in a timely manner to avoid incurring prompt payment interest. The agency must also enter accurate due dates to ensure it pays any interest due to vendors correctly.

## Department Response

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*Accounts Payable department is currently reviewing and modifying internal procedures to ensure*

- *staff reviews invoices and backup documentation thoroughly.*
- *invoices are processed in a timely fashion.*
- *invoices are processed with accurate dates.*
- *improvement in communication between Accounts Payable and field staff when resolving issues with invoices.*

## Missing Historically Underutilized Business (HUB) Subcontracting Progress Assessment Report (PAR)

For one transaction in the purchase sample and one transaction in the real property sample, the Department was unable to provide the progress assessment reports (PARs) that vendors are required to submit with their invoices. Without documentation that the vendors submitted PARs with their invoices, the Department is unable to prove the vendor complied with the submitted and approved HUB subcontracting plan (HSP).

A state agency that considers entering into a contract valued at \$100,000 or more must determine before starting the solicitation process whether there will be subcontracting opportunities. If so, it must require each bid, proposal, offer or other expression of





interest to include a HUB subcontracting plan. The awarded contractor must then make a good faith effort to implement the submitted HSP that became a provision of the contract. See [Texas Government Code, Sections 2161.252](#) and [253](#).

To document the good faith effort to implement the HSP, vendors are required to submit PARs to the contracting agency with each invoice, and the contract managers then review each PAR for compliance with the HSP. See the [State of Texas Procurement and Contract Management Guide](#) – HUB Subcontracting Plan (HSP) Compliance and Updates.

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## Recommendation/Requirement

The Department must ensure it properly monitors HUB subcontracting plans throughout each contract life by ensuring vendors submit PARs with each invoice and contract managers review them to determine compliance with the applicable HSP.

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## Department Response

*TPWD has procedures in place to track and report monthly PAR assessment reports for the entire contract term. TPWD has moved to electronic documents and saves everything in shared servers so it is easily found in the future. TPWD HUB Program is currently reviewing e-filing system and updating formats to ensure documents are easily found.*

*Additionally, we will be reviewing the current method for PAR Report tracking, filing, and compliance verification and determine if improvements are required.*

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## Missing Pre-Award Vendor Performance Tracking System (VPTS) Check and Failure to Report to VPTS

For two purchase transactions, the Department failed to conduct a VPTS check before awarding the contract. Auditors also noted that for two purchase transactions, the Department failed to report to the VPTS as required for contracts over \$5 million, and for one purchase transaction, the Department failed to report to the VPTS as required at contract termination. According to the Department, it believes staff performed one of the checks before the award, but was unable to find the document in electronic files due to staff turnover. Also, the contract was awarded while staff was working remotely due to the COVID-19 pandemic, which made it difficult to maintain hard copies of files. The Department stated the other missing VPTS check and the missing VPTS reporting resulted from staff not following the Department process.

Agencies must review vendor performance reports in the VPTS before awarding a contract to identify vendors with a history of poor performance and/or unethical business practices.



The SPD administers the VPTS for use by all ordering agencies per [34 Texas Administrative Code Section 20.115](#). The VPTS helps state agencies evaluate vendor performance and reduce risk in the contract awarding process. Agencies are required to use the VPTS to determine whether to award a contract to a vendor.

A vendor's performance must be reported to the VPTS once a contract valued at more than \$25,000 is completed or terminated. If the contract exceeds \$5 million, the agency must review the contractor's performance at least once each year during the contract term and at each key milestone identified for the contract. See the [State of Texas Procurement and Contract Management Guide](#) – Vendor Performance Tracking System Check and Vendor Performance Reporting.

## Recommendation/Requirement

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The Department must ensure procurement staff uses the VPTS before determining whether to award a contract to a vendor. The Department must retain records in the procurement file with the VPTS review results dated before the contract award. When the total value exceeds \$25,000, the Department must also assess and report the vendor's performance to the VPTS at contract completion or termination, and if the contract is over \$5 million, the Department must report at other required intervals.

## Department Response

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*The Infrastructure Division's Contracting Branch has developed a comprehensive checklist for Contract Managers. The checklist outlines the key steps in the contract development and award process to ensure that nothing is overlooked. It will serve as a helpful tool for Contracting Branch staff to use in tracking their progress while ensuring that each contract is handled in accordance with procurement requirements.*

*In addition, a mandatory training for Contracting Branch staff has been scheduled for Oct. 22, 2024 to discuss the various reporting requirements and steps involved to ensure compliance. Updated guidelines will be distributed to the team during the training to outline the criteria for contract reporting and timelines for submission.*

*The Infrastructure Division has also updated its project closeout process and implemented an electronic workflow using its Project Management System. This workflow requires documentation of the vendor performance report and ensures this requirement is met before the contract is complete.*

*TPWD is creating a position that will oversee the process for internal compliance checks. This position will be responsible for conducting recurring compliance reviews on active contracts, and pulling reports for payment card transactions to ensure compliance with agency and state policies and procedures.*



## Missing Approved Settlement Statement

For one real property transaction, the Department failed to provide an approved settlement statement. Unless a state agency is purchasing real property through condemnation proceedings, the agency must send a copy of the real settlement or closing statement with all necessary signatures to the Comptroller's office. See [eXpendit – Purchases of Real Property by State Agencies](#).

According to the Department, the missing documentation was the result of staff not following Department's process. Without the approved settlement statement on file, the Department cannot prove the purchase was made in accordance with real property purchase requirements.

## Recommendation/Requirement

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The Department must maintain the documentation required to support the purchases of real property, including settlement or closing statements. The documentation should be filled out completely and should include all relevant signatures.

## Department Response

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*The Infrastructure Division's Contracting Branch has developed a checklist for the Land Conservation staff to utilize when processing land transactions. The checklist outlines the key steps in the award process to ensure that nothing is overlooked. It will serve as a helpful tool for Land Conservation staff to use in tracking their progress while ensuring that each contract is handled in accordance with procurement requirements.*

*TPWD is creating a position that will oversee the process for internal compliance checks. This position will be responsible for conducting recurring compliance reviews on active contracts, and pulling reports for payment card transactions to ensure compliance with agency and state policies and procedures.*

## Travel/Non-Overnight Travel Transactions

Auditors developed a sample of 30 travel transactions totaling \$35,736.37, five non-overnight travel transactions totaling \$1,975.91, and five travel card transactions totaling \$841.81 to ensure the Department complied with the GAA, [Textravel \(FPP G.005\)](#) and pertinent statutes. Audit tests revealed no exceptions for this group of transactions.

## State Employee Relocation Transactions

Auditors developed a sample of three state employee relocation transactions totaling \$15,308.00 to ensure the Department complied with the GAA, [eXpendit – Moving Expenses](#) and pertinent statutes. Audit tests revealed no exceptions for this group of transactions.



## Grant Transactions

Auditors developed a sample of 10 grant transactions totaling \$17,857,316.93, then conducted a limited review of the Department's transactions to verify the grant payments did not exceed the authorized amounts. The review of these payments did not include an investigation of the Department's procedures for awarding grants or monitoring payments to grantees, so auditors are not offering an opinion on those procedures. Audit tests revealed no exceptions for this group of transactions.

## Refunds of Revenue

Auditors developed a sample of five refund of revenue transactions totaling \$2,934,105.81 to ensure the Department complied with state law and regulations pertaining to refunds of revenue. 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 and properly recorded in the State Property Accounting (SPA) System. 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, 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 Department's targeted analysis reports.

## Missing Dual Employment Notification/Missing Proof of Coordination/Agreement with Dual Agency

During the review of a report outside the sample, auditors identified four employees who were working with other state entities while also employed with the Department. When an employee seeks dual or multiple employment, the employee must inform the current and potential employing entities before accepting employment with the additional entity. See [Texas Government Code, Section 667.007](#).



If each employer approves the dual or multiple employment, they must inform the employee about the requirements and must contact the other entity/entities to coordinate work schedules and ensure the employee is paid or credited for any time worked over 40 hours per week. See [Texas Payroll/Personnel Resource – Dual or Multiple Employments](#).

Employers must communicate to coordinate work schedules, determine which employer is responsible for paying overtime, and ensure the employee is paid or credited. Additionally, each employer should maintain separate leave records to prevent the employee from receiving more benefits than those provided for a single full-time employee.

If a state employee is subject to the overtime provisions of the Federal Labor Standards Act, the employers should ensure the employee is compensated for all combined time worked over 40 hours per week in accordance with the overtime provisions of the federal law. See [Texas Government Code Section, 667.006\(b\)](#).

In these four instances, the employees did not inform the Department of the dual employments, so there was no cooperation and/or agreement between the Department and the other entities.

## Recommendation/Requirement

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The Department must establish an official method (form, electronic system, etc.) to encourage and document employee notifications of potential multiple employment and ensure its human resource and/or payroll departments send annual reminders to employees and follow up on multiple employments by contacting the other employing entities. The Department must document its communication and the resulting agreement to ensure the employee is compensated correctly.

## Department Response

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*HR Division will continue to address and educate employees about “outside or dual employment” through communications and training.*

*Information regarding dual employment process has been included in the agency’s supervisor resource guide published in 2023 and has been added to new employee information sessions.*

*HR Division is in the process of incorporating quality control measures using the State Employees Employed by More Than One State Agency report to help us identify those employees at another agency or institution of higher education.*

*HR Division will send an annual reminder at the beginning of each calendar year, beginning in 2025.*

*HR Division will continue to document its communication and ensure documentation of communication with employee and other entity is maintained in employee’s personnel file.*



# 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 statewide financial systems.
- Verify payments are made in accordance with certain applicable state laws.
- Verify assets are in their intended locations.
- Verify assets are properly recorded for agencies and institutions of higher education that use the State Property Accounting (SPA) system.

### Audit Scope

Auditors reviewed a sample of the Texas Parks and Wildlife Department (Department) payroll, purchase and travel transactions that processed through statewide financial systems from June 1, 2022, through May 31, 2023, to determine compliance with applicable state laws.

The Department 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 Department should implement the recommendations listed in the Detailed Findings of this report. It is the Department'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 Department's documents comply in the future. The Department 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, CTCD, CTCM, CISA, CISSP, CRISC*

*Anna Calzada, CTCD, CTCM*



## 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.