



An Audit of **Texas A&M University – Commerce**

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Texas Comptroller of Public Accounts





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Executive Summary

Purpose and Scope

The objectives of this audit were to determine whether Texas A&M University – Commerce (University):

- Processed payments according to applicable state laws, Comptroller requirements and statewide automated system guidelines.
- Maintained documentation to support those payments.
- Properly recorded capital and high-risk assets.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period from Sept. 1, 2022, through Aug. 31, 2023.

Background

Texas A&M University – Commerce offers degrees in more than 130 academic disciplines and serves around 12,000 students with locations across Dallas and East Texas. The University's mission is to educate, discover and achieve.

Texas A&M University –
Commerce website

<https://www.tamuc.edu/>

Audit Results

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

The auditors noted no recurring issues from the previous post-payment audit issued in January 2018. An overview of audit results is presented in the following table.



Table Summary

Area	Audit Question	Results	Rating
Payroll Transactions	Did payroll transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Missing statutory authority for employee award. • Missing approval documentation for uniform allowance. • Missing dual or multiple employment notification forms. 	Compliant, Findings Issued
Purchase/Procurement and Payment Card Transactions	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 warrant hold checks. 	Compliant, Findings Issued
Travel and Travel Card Transactions	Did the travel and travel card transactions comply with the GAA, University policies and procedures, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Incorrect travel reimbursement amount. • State travel card not used for airfare. 	Compliant, Findings Issued
Refund of Revenue Transactions	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 University's internal system?	No issues	Fully Compliant
Targeted Analysis	Did targeted analysis transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant



Key Recommendations

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

- Ensure that payroll reimbursements are valid, accurate, and do not include any unallowable amounts.
- Ensure the University does not make any payments before sufficient supporting documentation is created to justify the purchase.
- Ensure that dually employed employees are properly compensated.
- Ensure that purchase orders are created at the time the goods or services are requested from the vendor.
- Ensure a vendor's warrant hold status is checked prior to all applicable payment card purchases.
- Ensure that travel reimbursements are calculated and paid correctly, and that reimbursement amounts do not exceed the applicable rate established by the U.S. General Services Administration (GSA).
- Ensure all airfare is charged to the state-issued travel credit card.



Detailed Findings

Payroll Transactions

Auditors developed a sample totaling \$603,876.75 from a group of 25 employees and 230 payroll transactions to ensure the University complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed the following exceptions in this group of transactions. Additionally, a limited sample of 10 voluntary contribution transactions was audited with no exceptions identified.

Missing Statutory Authority for Employee Award

Auditors identified four employees in the payroll sample who received cash payments as employee awards. The awards ranged in value from \$150 to \$2,500. A state agency may use appropriated money to purchase awards to be presented to employees for professional achievement or outstanding services. However, the cost of awards purchased may not exceed \$100 per employee. See [Texas Government Code, Section 2113.201](#) and [eXpendit – Employee Awards](#). The University stated this was due to the issuing department misunderstanding what fund types are allowable for employee awards.

Recommendation/Requirement

The University must update its policies and procedures to ensure it does not request reimbursement for payroll expenses from appropriated funds if it does not have statutory authority to do so. Additionally, the University should refund the state treasury for the unallowable awards.

University Response

All employee cash awards pass through the Payroll Department for approval or entry. Payroll staff has been trained on the appropriate types of funds that can be used for such awards.

Missing Approval Documentation for Uniform Allowance

One employee in the payroll sample was receiving a monthly uniform allowance, but the approval documentation for receipt of the special pay was missing. The University stated that the information related to uniform allowance was missed when completing the offer letter.

Institutions of higher education must ensure the total compensation paid to eligible employees includes documentation that supports the payment. Institutions are required to keep sufficient records to prove they meet the documentation



requirements to support each payroll transaction, and must make those records available to the Comptroller's office on request. See [Texas Payroll/Personnel Resource – General Provisions – Required Documentation](#).

Recommendation/Requirement

The University must ensure personnel files include documentation supporting all payroll payments made to employees. It should also review and update its policies for special payments to ensure employee eligibility is supported and approvals are documented.

University Response

University Police Department will add documentation to procedures regarding uniform allowances for employees with set amounts. These amounts will also be included in offer letters from Human Resources; and processed by Payroll.

Missing Dual or Multiple Employment Notification Forms

Auditors identified 25 employees who were missing dual employment notification forms informing the University about their employment with other universities. The employees had other jobs with different universities and received income from those activities.

The Texas state government is considered a single employer; while one state agency may classify an employee as FLSA-exempt, another state agency may classify the employee as nonexempt. In that case, the nonexempt classification prevails; if such an employee works more than 40 hours in a week among all state agencies, the employee must be paid overtime. If a person is employed at multiple state agencies, coordination and communication are necessary so all agencies are aware of how the other agencies classify the employee, how many hours the employee works at each agency, and who will be responsible for what share of any resulting overtime pay. This is also important to prevent employees from receiving leave accruals and other benefits more than once. The [Statewide Payroll/Personnel Reports Guide \(FPP D.002\)](#) describes how human resources information for all state employees must be submitted to the Comptroller.

Recommendation/Requirement

The University is responsible for educating its employees about the need to report dual employments. Additionally, the University should routinely obtain and review the [State Employees Employed by More than One State Agency Report](#) and coordinate with the other state agencies or institutions of higher education to ensure dually employed employees are, and have been, properly compensated. See [Texas Government Code, Chapter 667 \(Multiple Employments With State\)](#).



University Response

An internal procedure has been written to ensure that the Statewide Payroll/Personnel Report is used on a monthly basis. This report will be reviewed each month by Human Resources (HR) to ensure that the dual employment form is on file for the listed employees. HR will reach out to the other state agency listed for benefit coordination and to ensure overtime rules are being followed. Additionally, Diligent software will be implemented by Texas A&M University System in the fall which will collect dual employment information and forms from all employees.

Purchase/Procurement and Payment Card Transactions

Auditors developed a sample of 25 purchase transactions totaling \$3,819,377.62 and 10 payment card transactions totaling \$104,333.47 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

One purchase transaction for \$69,538.86 had a purchase order that was dated after services were rendered and after the final invoice was received.

Without a purchase order issued to the vendor at the time services are requested, it is difficult for the University to ensure that it is not overcharged or billed for goods or services beyond those it agreed to. The University stated this was due to decentralized department purchasing staff not providing timely notice to the Procurement Services Department to approve the purchase order.

The University must maintain proper documentation to verify payments are valid and to ensure a proper audit trail. 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\(e\)\(2\)-\(3\)](#). The documentation must be maintained until at least the end of the second appropriation year after the appropriation year when the transaction was processed in USAS. See [34 Texas Administrative Code Section 5.51\(e\)\(5\)\(A\)](#).

Recommendation/Requirement

The University must ensure the purchase order is created at the time the goods or services are requested from the vendor to verify payments are valid and to ensure a proper audit trail.



University Response

We provide resources and training to our university staff related to the procurement process and rules. We specifically call out After-the-Fact purchases (Non-Compliant Purchases) and have guidelines in place to reduce re-occurrence. We document this issue in our Procurement Manual and include it in all of our training material. We understand these types of situations occur, however, we take a very proactive approach to provide training to our departments. In this particular finding, Procurement Services issued the PO based on a quotation, not an invoice.

Missing Warrant Hold Checks

For nine purchases, the University did not verify the vendor's warrant hold status before using the state-issued payment card. The University's policy for payment cardholders requires employees to check the warrant hold status for vendors before making purchases over \$500. The cardholders are then required to attach a copy of the screenshot of the vendor hold search results to their monthly expense reports as verification the vendor was not on hold at the time of the purchase. It is the University's responsibility to ensure it does not use state funds indirectly to pay vendors that are on warrant hold. The University stated the error was due to lack of training by the departments.

The University must check a vendor's warrant hold status if the transaction involves a written contract, if the payment is made with local funds, or if the 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. See [Texas Government Code, Section 2252.903\(a\)](#).

Recommendation/Requirement

The University must instruct employees to review University procedures for checking and maintaining warrant hold status documentation for 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. They must also maintain documentation of that check for audit review.

University Response

The university self-identified this issue after the test period. We continually train employees to conduct the warrant hold check prior to the purchase. Every cardholder was trained on or around September 1, 2023, before we would reactivate their procurement card, however this is after the audit test period. We also document this requirement in our procurement card manual.



Travel and Travel Card Transactions

Auditors developed a sample of 15 travel transactions totaling \$5,501.91, 15 non-employee travel transactions totaling \$1,261.29, and 10 travel card transactions totaling \$14,395.97 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.

Incorrect Travel Reimbursement Amount

For four travel transactions and two non-employee travel transactions, the University requested reimbursement from the state treasury for lodging, meals and hotel occupancy taxes in excess of the allowable rates for the locations based on the U.S. General Services Administration (GSA) rates. The University stated that it allows two times the GSA rate for hotel expense amounts and 20 percent gratuities for meals when these are paid from institutional funds; however, when the reimbursement from state funds was processed, the amounts exceeding state limits should have remained on institutional funds.

Two transactions for hotel occupancy taxes incorrectly used the actual lodging amount to calculate the taxes reimbursed from the state treasury. When paying from state funds, the University is limited to the maximum GSA lodging rate, so the travel occupancy taxes should have also been limited based on the allowable GSA rate. This resulted in an overpayment of travel reimbursement.

In addition, one transaction for meal expenses incorrectly claimed amounts greater than the maximum allowable rate. When paying from state funds, the University is limited to the maximum GSA daily meals rate. This resulted in an overpayment of travel reimbursement.

Agencies must examine all travel reimbursements before payment to ensure compliance with applicable regulations and limitations. See [Texttravel – General – Responsibilities – Agency Responsibilities](#). The employee may only be reimbursed for actual lodging and meal expenses that do not exceed the maximum established rates. Agencies must use the federal rates provided by the GSA for both in-state and out-of-state travel in the contiguous United States. See the [GAA, Article IX, Section 5.05\(a\)](#).

In addition, for one travel transaction and four non-employee travel transactions, travelers paid gratuities for meal expenses. Gratuities are not an allowable expense from state funds. The [Texas Constitution, Article III, Section 51](#) prohibits the use of the state's money for private purposes, including gratuities. See [Texttravel – Meals and Lodging – Meals – Prohibited Reimbursements](#).



Recommendation/Requirement

The University should train its employees to provide all required information and to verify that travel expenses that will be paid from state funds follow state travel rules and are within established rates. The University must ensure all travel expense claims are thoroughly reviewed for legality and accuracy before requesting reimbursement from the state treasury. The University must reimburse the state treasury for the overpayments.

University Response

Texas A&M University – Commerce agrees with this finding and understands the importance of thoroughly reviewing all travel expense claims before requesting reimbursement from the state treasury. We have held meetings with our departments utilizing state funds for travel to ensure all state travel rules are followed. We have also instructed our travel coordinator to be more diligent in identifying expenses that do not meet state travel rules and ensuring those expenses are charged to local funds. In addition, our state accounting manager is completing a final review of travel expenses before releasing payment in USAS.

The overpayment will be reimbursed to the state treasury by August 31, 2024.

State Travel Card Not Used for Airfare

For one travel transaction, an employee's airfare was paid with a personal credit card instead of being charged to a state-issued travel credit card. The mandatory form of payment for all airline fares is the state-issued corporate travel charge card account. The University stated that the travel card was not used because the original funding source was local funds. In that case, airfare should have remained on local funds.

State travel card procedures require contract travel services for airfare to be charged to state travel credit cards. See [34 Texas Administrative Code Section 20.413\(a\)](#).

Recommendation/Requirement

The University must ensure all of its future airfare service is charged to the state-issued travel credit card.

University Response

Texas A&M University – Commerce agrees with this finding and understands the requirement of using the state-issued travel credit card for airfare purchases. We have held meetings with our departments utilizing state funds for travel to ensure all state travel rules are followed. We have also instructed our travel coordinator to be more diligent in identifying expenses that do not meet state travel rules and ensuring those expenses are charged to local funds. In addition, our state accounting manager is completing a final review of travel expenses before releasing payment in USAS.



Refund of Revenue Transactions

Auditors reviewed two refund of revenue transactions totaling \$5,219.28 that were submitted for reimbursement to ensure the University complied with the GAA, University policies and procedures, and pertinent statutes. Audit tests revealed no exceptions for this group of transactions.

Fixed Assets

The audit included a review of a limited number of fixed assets acquired by expenditures during the audit period to test for accurate reporting and to verify the existence of the assets. All assets tested were in their intended locations. Audit tests revealed no exceptions in these transactions.

Targeted Analysis

The audit included targeted analyses outside the main samples of payroll, purchase and travel transactions. Using the Uniform Statewide Accounting System (USAS) and the Citibank Reporting System, auditors generated several special reports to analyze additional processes relevant to the audited entity. Such processes may include interagency transfers, refunds to payroll, proper coding of payment card transactions, and others. Audit tests revealed no exceptions in the University's targeted analysis reports.



Appendices

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

Audit Objectives

The objectives of this audit were to:

- Ensure payments are documented so a proper audit can be conducted.
- Ensure payment vouchers are processed according to the requirements of the 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 Texas A&M University – Commerce (University) payroll, purchase/procurement, refund of revenue and travel transactions that processed through the statewide financial systems from Sept. 1, 2022, through Aug. 31, 2023, to determine compliance with applicable state laws.

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 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.

The audit provides a reasonable basis for the findings set forth in this report. The University should implement the recommendations listed in the Detailed Findings of this report. It is the University's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Comptroller's office may take the actions set forth in Texas Government Code, Section 403.071(h), to ensure that the University's documents comply in the future. The University must ensure that the findings discussed in this report are resolved.

Audit Methodology

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



Fieldwork

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

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

Audit Authority

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

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

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

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

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

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

Audit Team

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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.