



AN AUDIT OF THE GENERAL LAND OFFICE

AUDIT REPORT #305-24-01
OCTOBER 20, 2025

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EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The objectives of this audit were to determine whether the General Land Office (Office):

- 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 Sept. 1, 2022, through Aug. 31, 2023.

BACKGROUND

The Texas General Land Office improves the lives of every Texan by preserving our state's history, restoring and operating the Alamo, maximizing the revenue from our state lands to help fund Texas public education, safeguarding our coast, supporting communities impacted by disasters, and providing essential services to veterans.

General Land Office website
<https://www.glo.texas.gov/about-glo>

AUDIT RESULTS

The Office generally complied with the General Appropriations Act (GAA), relevant statutes, and Comptroller requirements. Auditors found no issues with fixed assets, grants, and refund of revenue. However, the Office should consider making improvements to its payroll, purchase, and travel processes.

The auditors did not reissue any findings from the previous audit conducted at the Office. Auditors originally issued this audit in July 2020. An overview of audit results is presented in the following table.



TABLE SUMMARY

AREA	AUDIT QUESTION	RESULTS	RATING
<u>Payroll Transactions</u>	Did payroll transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	• Untimely approval of salary actions • Missing performance evaluation • Missing proof of coordination/agreement with dual employment agency	Compliant, Findings Issued
<u>Purchase and Payment Card Transactions</u>	Did purchase, payment card and contract transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	• Prompt payment scheduling error – interest loss to state treasury • Non-compliance with LBB reporting requirements	Compliant, Findings Issued
<u>Travel and Travel Card Transactions</u>	Did travel and travel card transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	• Lack of conservation of funds • State contracted vendors not used	Compliant, Findings Issued
Fixed Assets	Were tested assets in their intended location and properly reported in the State Property Accounting system?	No issues	Fully Compliant
Grants	Did grant transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	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
<u>Targeted Analysis</u>	Did targeted analysis transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	• Loss to the rebate payment card program • Incorrect Texas identification numbers	Compliant, Findings Issued



KEY RECOMMENDATIONS

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

- Review payroll and human resource (HR) processes to ensure management approves personnel actions on time and ensure approvals are documented before changes take effect.
- Ensure documentation is created and retained as evidence that all employee salary actions and compensation are accurate, proper and authorized.
- Obtain and review the State Employees Employed by More Than One State Agency report and coordinate with the other agencies or institutions of higher education to ensure dually employed employees are, and have been, properly compensated.
- Review procedures to ensure payments are scheduled for processing in compliance with state law.
- Ensure staff reports all applicable contracts to the Legislative Budget Board (LBB) database and submits written notifications to the LBB for applicable contracts.
- Ensure staff retains adequate supporting documentation to justify the validity and cost effectiveness of each travel reimbursement.
- Ensure state contracts are used when possible unless there is a documented allowable exemption that explains the reason for not using a state contract.
- Modify or update the entry method in the Uniform Statewide Accounting System (USAS) to ensure transactions have proper employee-level and vendor-level details required by [Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\)](#).
- Change payment processes to comply with requirements, take advantage of rebates, and avoid the double penalty of lost rebates and late payment interest.



DETAILED FINDINGS

PAYROLL TRANSACTIONS

Auditors developed a sample totaling \$1,082,156.02 from a group of 25 employees involving 314 payroll transactions to ensure the Office complied with the GAA, [Texas Payroll/Personnel Resource \(FPP 0.27\)](#), and pertinent statutes. Audit tests revealed the following exceptions in these payroll transactions.

UNTIMELY APPROVAL OF SALARY ACTIONS

Auditors identified 11 salary actions that were approved after the effective date of the pay rate increase. According to the Office, this resulted from delays in the approval workflow.

According to [Texas Payroll/Personnel Resource: General Provisions – Required Documentation – Personnel Action Form](#), the personnel action form that documents an action concerning an employee must contain the original signature of an employee authorized to approve personnel action forms for the agency and the date of the signature. A signature dated after the personnel action takes effect would suggest that pay rates changed without the proper approvals.

RECOMMENDATION/REQUIREMENT

The Office must review its payroll and HR processes to ensure management approves personnel actions on time and to ensure approvals are documented before the change takes effect.

OFFICE RESPONSE

The GLO agrees with this recommendation. New procedures for salary actions were implemented on April 1, 2025. These procedures include the timely submission and approval of all requested salary actions. The manager (or designee) submits a draft of the personnel action form (PAF) to HR for review and processing. During the review, HR initially determines the effective date of the salary action based on the date the PAF is received in order to route for approvals. If the draft PAF is received by the 10th of the month prior to the effective date, the action is effective the 1st of the next month. If the draft PAF is received after the 10th of the month, the tentative effective date is set for the 1st of the following month. Once reviewed, the PAF is routed for approvals in DocuSign to capture signature approvals and dates. Using DocuSign ensures the manager is cognizant of the approval request because they receive automated messages to approve the DocuSign envelope and continue to receive the automated messages until their approval is completed. Once all approvals are received, HR will enter the salary action in CAPPS with the appropriate effective date based on the deadlines described above.



MISSING PERFORMANCE EVALUATION

Auditors identified six employees who received merit increases and/or one-time merit payments for whom the Office did not have the required documentation to demonstrate the employee's job performance and productivity were consistently above the normal or expected levels. According to the Office, it was unable to locate the documents.

The Texas Government Code authorizes state agencies to grant merit salary increases or make one-time merit payments to eligible employees whose job performance and productivity are consistently above the normal or expected levels. See [Texas Government Code, Section 659.255](#). Agencies must use specific criteria and maintain documentation to support granting merit salary increases or one-time merit payments to their employees. See [Texas Payroll/Personnel Resource – General Provisions – Salary Adjustments for State Agency Employees](#). Agencies should be able to demonstrate that the employee's current performance and productivity have been consistently above the normal and expected levels.

RECOMMENDATION/REQUIREMENT

The Office must ensure that documentation is created and retained as evidence that all employee salary actions and compensation are accurate, proper and authorized. If paper records are transferred to electronic format, a quality assurance process should be in place to ensure the records are complete and accurate. Supporting documentation should be maintained in accordance with the applicable retention schedule and should be retrievable for reference and review.

OFFICE RESPONSE

The GLO agrees with this recommendation. Included in the Salary Administration Guidelines implemented on April 1, 2025 is the requirement for performance evaluations to be completed within the last 12 months in order for merit salary actions to be requested, reviewed, and approved. The performance evaluation period for the agency is September 1–August 31. All performance evaluations are due in CAPPS by September 30. Managers and supervisors are sent reminders, by HR, to complete their employees' performance evaluations until they are done.

When processing merit salary actions, HR staff review the most recent performance evaluation completion and overall rating for the employee who is the subject of the request. If the performance evaluation is completed within the last 12 months and the overall rating is above or exceeds, HR approves the merit salary action. If the performance evaluation is not current, the merit salary action is denied, and the manager is advised of the reason for the denial.



MISSING PROOF OF COORDINATION/AGREEMENT WITH DUAL AGENCY

During the review of a report outside the sample, auditors identified two employees who notified the Office of their secondary employment with another state agency, but the Office did not communicate with those agencies to coordinate the employments. According to the Office, the HR staff should have asked more questions related to the employments when the outside employment forms were complete. The Office added that both employees were no longer working for the other state agency.

When an employee seeks dual or multiple employment, the employee must inform the current and potential employing agencies before accepting employment with another agency. 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 agency/agencies 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 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 Fair 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, Section 667.006\(b\)](#).

RECOMMENDATION/REQUIREMENT

To avoid the potential for not compensating an employee appropriately, auditors recommend the Office reviews the [State Employees Employed by More Than One State Agency](#) report and coordinates with the other agencies or institutions of higher education to ensure dually employed employees are, and have been, properly compensated. See [Texas Government Code, Chapter 667 \(Multiple Employments with State\)](#).

OFFICE RESPONSE

The GLO agrees with this recommendation. HR will update the Prior State Service form to ensure the capture any possible dual employment scenarios when a new hire transfers from another state agency or university. If dually employed, HR will initiate the Dual/Multiple Employments form in DocuSign for verification, completion, and signatures.



In addition, HR will run the Active Staff in Multiple Agencies Report each month. If dual employment is discovered during this step, HR will initiate the Dual/Multiple Employments form in DocuSign for verification, completion, and signatures.

PURCHASE AND PAYMENT CARD TRANSACTIONS

Auditors developed a sample of 25 purchase transactions totaling \$122,713,227.52 and a sample of 25 payment card transactions totaling \$31,354.94 to ensure the Office complied with the GAA, [eXpendit \(FPP I.005\)](#), and pertinent statutes. Audit tests revealed the following exceptions in these purchase transactions.

PROMPT PAYMENT SCHEDULING ERROR – INTEREST LOSS TO THE STATE TREASURY

Auditors identified one purchase transaction greater than \$5,000 where the Office paid early, resulting in interest lost to the state. The Office did not provide documentation to justify the early payment and stated the contracts division and general counsel both indicated the intent of the signed agreement was to make payment as soon as the Office received the Alamo collection.

Generally, contract terms do not override the payment scheduling law. However, the Fiscal Management Division has a policy that provides an exception if the:

- Invoice was less than \$5,000.
- Timeline for payment is specified in the contract.
- OR–
- State has a business reason (such as a discount) for making the payment earlier.

Auditors noted that the contract terms in this case stated that the “buyer will relinquish payment via check or wire transfer after all items in the Collection have been delivered.” Since there is no benefit to the state to pay early and the contract language does not specify a time period for payment after the delivery of the items, scheduling the payment for 30 days after the goods were received would still have complied with the contract term. Auditors calculated the lost interest was \$915.11.

To maximize the interest earned on funds held by the state, agencies are required to schedule their payments in USAS. 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 contract or specific agreement covering the payments.
- OR–
- 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 state 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 dates.

RECOMMENDATION/REQUIREMENT

The Office must review its procedures to ensure it schedules payments for processing in compliance with state law. The Office must verify that proper due dates are entered to ensure accurate payments to vendors. See [eXpendit \(FPP I.005\)](#).

OFFICE RESPONSE

The GLO agrees with the recommendation. The early payment resulted from a misinterpretation of the language on the Bill of Sale Agreement. To prevent recurrence, Cash Management staff will be reminded that language such as "upon receipt" must still comply with the state payment scheduling rules, unless the contract specifies a defined timeline that meets allowable exceptions. This ensures compliance with state law and prevents early payment errors going forward.

NONCOMPLIANCE WITH LBB REPORTING REQUIREMENTS

Auditors identified five transactions in the purchase sample containing reporting errors to the LBB. The Office agreed with the errors but did not identify a cause.

The [General Appropriations Act \(GAA\), Reporting Requirements, Article IX, Section 7.04](#) requires state agencies that receive an appropriation 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 are used. Agencies must report to the LBB before the 30th calendar day after awarding a contract or granting an amendment, modification, renewal or extension.

Agencies must also give the LBB written notice of any contract for professional services, other than physician or optometric services, if the contract amount is over \$50,000, including any amendments, modifications, renewals or extensions. The notice must be filed no later than the 30th day after the agency enters into the contract. See [Texas Government Code, Section 2254.006](#) and the [LBB's contract reporting guidelines and requirements](#).

RECOMMENDATION/REQUIREMENT

The Office must ensure it reports all applicable contracts to the LBB database and submits written notifications to the LBB for applicable contracts. The Office must also ensure staff members are trained and ensure staff members complete the requirements by the deadlines.



OFFICE RESPONSE

The GLO agrees with the recommendation. Established policies and procedures are in place to ensure timely and accurate LBB reporting, including clearly defined responsibilities and expectations for meeting submission deadlines.

TRAVEL AND TRAVEL CARD TRANSACTIONS

Auditors developed a sample of 15 travel transactions totaling \$10,980.17 and a sample of 25 travel card transactions totaling \$18,838.15 to ensure the Office complied with the GAA, [Textravel \(FPP G.005\)](#), and pertinent statutes. Audit tests revealed the following exceptions for this group of transactions.

LACK OF CONSERVATION OF STATE FUNDS

Auditors identified two employee overnight trip travel reimbursements where the Office did not minimize travel expenses after considering the most cost-effective options. The Office reimbursed two employees for mileage that cost more than using a rental vehicle. One of the reimbursements was for out-of-state travel to Kansas City, Missouri and the other reimbursement was for travel in state during a month for non-consecutive trips.

For the out-of-state travel reimbursement, the Office stated it considered safety reasons and lack of rentals. Auditors were informed the Office's employees were allowed to choose either a rental vehicle or their personal vehicle for business travel during the Covid-19 pandemic. However, safety is not a reasonable or common justification for driving a personal vehicle versus driving a rental vehicle and documentation regarding the lack of rental vehicles was not provided.

Regarding the in-state travel reimbursement the Office indicated other relevant circumstances. However, the relevant circumstances listed in the Office explanation were not documented at the time of travel, such as time lost picking up the rental vehicle, additional rental days, and others.

[Texas Government Code, Section 660.007\(a\)](#) and Textravel – Conservation of State Funds require state agencies to minimize travel expenses by ensuring each travel arrangement is the most cost-effective considering all relevant circumstances.

Agencies must also examine all travel reimbursement requests before payment to comply with regulations and limitations. See [Textravel – Responsibilities](#).

RECOMMENDATION/REQUIREMENT

The Office must ensure it retains adequate supporting documentation to justify the validity and cost effectiveness of each travel reimbursement.



OFFICE RESPONSE

The GLO agrees with this recommendation. The GLO Travel Office will send a message to the Executive Assistants reminding them of the GLO Internal Policy that requires adequate supporting documentation to justify the validity and cost effectiveness of travel reimbursement. The GLO Travel Office will also review and reaffirm the policy requirements with travel staff members to ensure compliance.

STATE CONTRACTED TRAVEL VENDORS NOT USED

Auditors identified three travel reimbursements where the travelers did not use the state contracted vendors to procure air travel. Two instances were for international air travel and the other one was for domestic air travel. These instances led to the Office paying a higher amount for air travel.

The Comptroller's State Travel Management Program (STMP) in the Statewide Procurement Division (SPD) ensures that state agencies use taxpayer dollars more efficiently by helping them manage their travel expenditures by providing discounted travel services through vendor travel contracts and monitoring state travel activity. In addition, the Comptroller's office has secured airline fares in international markets.

State agencies must use the STMP contracted travel services unless a valid exception exists. Under [34 Texas Administrative Code Section 20.408](#), the exceptions to utilizing contracts negotiated by SPD for STMP include:

- Lower overall cost of travel.
- Unavailability of contract travel services.
- Special needs.
- Custodians of persons.
- In travel status.
- Emergency response.
- Group program.
- Legally required attendance.
- Lodging reimbursement exceeding General Service Administration rates.

RECOMMENDATION/REQUIREMENT

The Office 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.

OFFICE RESPONSE

The GLO agrees with this recommendation. The GLO Travel Office will send a message to the Executive Assistants reminding them of the GLO Internal Policy. The GLO Travel Office will also review and reaffirm the policy requirements with travel staff members to ensure compliance.



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 assets. All assets tested were in their intended location and properly recorded in the State Property Accounting (SPA) system. Audit tests revealed no exceptions in these transactions.

GRANTS

Auditors developed a sample of five grant transactions totaling \$66,592,803.57, then conducted a limited review of the Office's transactions related to grant payments. The review consisted of verifying that the payments did not exceed the authorized amounts. The testing of these payments did not include a review of the Office's procedures for awarding the grants or monitoring payments made to grantees. Audit tests revealed no exceptions for this group of transactions.

REFUND OF REVENUE

Auditors developed a sample of five refund of revenue transactions totaling \$18,673,155.46 to ensure the Office complied with state law and regulations pertaining to refunds of revenue. 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 the Citibank's CitiManager reporting system, auditors generated several special reports to analyze additional processes relevant to the audited agency. 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 Office's targeted analysis reports.

LOSS TO THE REBATE PAYMENT CARD PROGRAM

The Office did not comply with the early payment discount/rebate requirements for state agencies and institutions of higher education because it failed to take advantage of early discounts/rebates offered by the payment card vendor.

In a report generated outside of the payment card sample, auditors reviewed all Citibank (Citi) payments processed in USAS during the audit period as part of the payment card rebate program. Auditors identified late payments resulting in interest payments to the vendor and calculated the lost discounts/rebates to the state totaling \$128,428.39 during the audit period.



The Citibank charge card contract [946-M2](#) contains a rebate program based on the total annual expenditures of all participating entities. In addition to the rebate percentage, an early payment incentive increases for each day a payment is received in full before 30 days from Citi's statement/invoice date. Statements are issued on the third of every month and are available to the agencies the next day, the fourth. Both the prompt payment date and the discount rebate date start the day after the statement/invoice is available on Citi's website. Additionally, since charge-offs for delinquent accounts are deducted from the rebate as credit losses at the rebate-payable level, agencies should pay account balances as quickly as possible.

Citi currently pays a base rebate on payments received 30 days after the statement date, which increases for each day a payment is processed before 30 days from the statement date. At 31 or more days from the statement date, no rebate is paid. Rebates accrue from the first dollar of spend on all card products including virtual card and ePayables (excluding individual bill).

The Office did not take advantage of the discounts offered by Citi and paid the invoice after the statement date. By not taking advantage of the rebates, agencies and institutions of higher education hinder SPD's ability to negotiate rebates on future contracts.

According to [Texas Government Code, Section 2251.030](#), the Legislature expects government agencies to take advantage of early payment discounts, so agencies should submit payment documents to the Comptroller's office in time to do so.

RECOMMENDATION/REQUIREMENT

The Office should change its payment processes to comply with requirements, take advantage of rebates, and avoid the double penalty of lost rebates and late payment interest. The Office should:

- Receive its Citi Commercial Card account statements online. Online account statements are available 48 hours from the statement date.
- Work with Citibank to develop automated reconciliation for travel and purchase receipts as transactions occur or shortly after the statement is issued.
- Make partial payments based on supporting documentation received and reconcile and pay as costs arise.

OFFICE RESPONSE

The GLO agrees with this recommendation and the issue was addressed in June 2024, after the scope of this audit. The following changes were implemented:

- *Enhanced coordination between Cash Management and Procurement.*
- *Improved timeliness in downloading Citi statements and distributing to cardholders.*



- *Shortened the deadline that packets containing transaction backup needed to be returned from the cardholders to Disbursements/Procurement from 14 days to 10 days.*
- *Increased accountability through consistent reminders sent to card holders to ensure timely submission of backup documents.*

These actions have resulted in all Procurement Card payments being processed several days before the due dates.

INCORRECT TEXAS IDENTIFICATION NUMBERS

Auditors identified 951 payment card transactions, two employee reimbursements, and two travel transactions that had an incorrect Texas Identification Number (TIN). The Office made the payments to the payment card vendor using the non-specific payment card TIN to process the transactions. The non-specific TIN should be used only on third-party payment card transactions if the TIN/mail code is unknown for a specific vendor and all efforts to obtain the vendor's TIN are unsuccessful. For the employee reimbursements, the employee information was entered as the vendor rather than the actual vendor where the goods or services were purchased.

The correct transaction code and TIN are necessary to capture the actual name of the vendor/traveler receiving the payment or reimbursement. Improper processing procedures can result in inaccurate expenditure reporting for public information requests. See [Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\) login required](#) for information on how state agencies and institutions of higher education must process third-party payments through USAS.

RECOMMENDATION/REQUIREMENT

The Office must modify or update its entry method in USAS to ensure transactions have proper employee-level and vendor-level details required by FPP A.043. This information is essential for an accountable and open government. It is also used for public information requests and post-payment auditing purposes. The options for an agency to comply with FPP A.043 may include manually entering the required data, implementing system changes, or not seeking state reimbursement for these payments.

OFFICE RESPONSE

The GLO agrees with this recommendation. The GLO will update its Payment Card process to capture the vendor ID for each purchase. If we are unable to locate the TIN then the non-specific payment card TIN will be used.



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 the General Land Office (Office) payroll, purchase 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.

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

Kenneth L. Johnson, CPA, CIA, CISA, CTCD, CTCM Lead Auditor

Mayra V. Castillo, CTCD, CTCM

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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: • 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.