



AN AUDIT OF THE OFFICE OF COURT ADMINISTRATION

AUDIT REPORT #212-25-01
MARCH 31, 2026

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EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The objectives of this audit were to determine whether the Office of Court Administration (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 June 1, 2023, through May 31, 2024.

BACKGROUND

The Office of Court Administration (Office) is a unique state agency in the Judicial Branch that operates under the direction and supervision of the Supreme Court of Texas and the Chief Justice. The Office's mission is to provide resources and information for the efficient administration of the Judicial Branch of Texas.

Office of Court Administration
website

<https://www.txcourts.gov/oca/>

AUDIT RESULTS

The Office largely complied with the General Appropriations Act (GAA), relevant statutes, and Comptroller requirements. Auditors found that the Office should consider making improvements to its payroll and purchase/procurement processes.

The auditors noted no recurring issues from the previous post-payment audit issued in January 2022. 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?	Missing prior state service verification	Compliant, Findings Issued
<u>Purchase/Procurement Transactions</u>	Did purchase/procurement transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	<ul style="list-style-type: none"> • Missing statutory authority for purchase. • Missing/untimely vendor compliance verifications. • Noncompliance with Legislative Budget Board reporting requirements. 	Compliant, Findings Issued
Travel/Non-Employee Travel and Travel Card Transactions	Did travel, non-employee travel and travel card transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	No issues	Fully Compliant
Grant Transactions	Did grant transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	No issues	Fully Compliant
Refund of Revenue Transactions	Did refund of revenue transactions comply with all pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Fixed Assets	Were tested assets in their intended location and properly reported in the State Property Accounting system?	No issues	Fully Compliant
<u>Target Analysis</u>	Did targeted analysis transactions comply with the GAA, pertinent statutes, and Comptroller requirements?	Missing direct deposit authorization forms (International ACH Transactions)	Compliant, Findings Issued



KEY RECOMMENDATIONS

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

- Review the payroll/personnel records, including job applications, to ensure the Office has properly verified, documented, and entered all prior state service in its system to ensure accurate longevity pay.
- Update policies and procedures to ensure the Office does not purchase goods or services that it does not have statutory authority to purchase.
- Conduct all vendor compliance verifications before any purchase, contract award, extension, and/or renewal and retain documentation of the verifications as part of its files.
- Report all applicable contracts and purchases to the Legislative Budget Board.
- Ensure all payees who request payment by direct deposit submit a completed, signed direct deposit authorization form with the international payment verification question answered.



DETAILED FINDINGS

PAYROLL TRANSACTIONS

Auditors developed a sample totaling \$496,942.27 from a group of 25 employees involving 148 payroll transactions to ensure the Office complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#), and pertinent statutes. Audit tests revealed the following exception in these transactions.

MISSING PRIOR STATE SERVICE VERIFICATION

Auditors identified two employees missing prior state service verifications, even though the employees reported prior service on the job application. Auditors confirmed that the results of the verifications did not change the employees' current longevity pay. The Office stated that while it is its policy to maintain all verification records, despite its best efforts, some documents were misfiled or lost over the 20+ years since both employees were hired.

When the agency hires an employee, the agency must research whether the employee has prior state service. If prior service exists, the agency must confirm the amount of lifetime service credit and compute the correct amount of longevity pay.

If the agency fails to do this confirmation, the lifetime service credit for longevity will be based only on the employment date at the new agency and the employee may be underpaid longevity pay. See [Texas Payroll/Personnel Resource – Required Documentation](#).

RECOMMENDATION/REQUIREMENT

The Office must research and verify prior state service time for its employees. In addition, the Office must ensure all prior state service verifications are properly documented, accurate and maintained in the personnel files.

OFFICE RESPONSE

The agency concurs with the recommendation. The agency is confident that the current process for completing and maintaining prior state service verification documentation remains in compliance with applicable requirements.

To further strengthen internal controls, the Human Resources Division will conduct spot checks to confirm state verification documents are appropriately maintained in employees' personnel files. Any gaps identified during these reviews will be addressed promptly to ensure continued compliance.



PURCHASE/PROCUREMENT TRANSACTIONS

Auditors developed a sample of 25 purchase/procurement transactions totaling \$7,178,266.69 to ensure the Office complied with the GAA, [eXpendit \(FPP I.005\)](#), and pertinent statutes. Audit tests revealed the following exceptions in these transactions.

MISSING STATUTORY AUTHORITY FOR PURCHASE

Auditors identified one purchase/procurement transaction where the Office purchased food as part of a working lunch during a workshop without having statutory authority to do so.

The Office was under the impression that it had statutory authority to purchase food per [Government Code, Section 79.037\(a\)\(1\)](#) in compliance with its statutory duty to provide technical support to counties to improve their indigent defense systems. However, that is incorrect.

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. See [eXpendit – Statutory Authority for Purchases](#).

RECOMMENDATION/REQUIREMENT

The Office must continue to review all purchases and update its policies and procedures to ensure it does not purchase goods or services with appropriated funds that it does not have statutory authority to purchase.

OFFICE RESPONSE

The agency acknowledges the recommendation. The agency will continue to review all purchase requisitions to ensure the appropriate statutory authority is in place prior to approving any purchases. Staff have been notified of the prior misunderstanding related to statutory authority for purchasing food, and the agency has ceased this practice. These actions will strengthen internal controls and support continued adherence to statutory purchasing guidelines.

MISSING/UNTIMELY VENDOR COMPLIANCE VERIFICATIONS

The Office was unable to provide proof that it performed vendor compliance verifications (VCVs) for all reviewed purchase/procurement transactions. The Office must provide evidence, such as a screen print, showing that each verification was performed. Without these checks, the Office risks awarding a contract or making payment in violation of state or federal law. According to the Office, it followed the



procedures to verify the vendor compliance verifications checks outlined in the [State of Texas Procurement and Contract Management Guide](#); however, documentation was not stored properly. The Office will make the necessary adjustments to ensure compliance moving forward.

OFFICE OF FOREIGN ASSETS CONTROL CHECK

Auditors noted that the Office did not search the Office of Foreign Assets Control (OFAC) master list for one purchase/procurement transaction before procuring the goods or services. While proof of the required verification was provided, the check was done after the purchase was made and/or the contract was executed. The Office must check the OFAC master list prior to a purchase or contract execution to verify that the vendor is not excluded from contract participation at the federal level. A contract cannot be awarded to a vendor named on the U.S. Treasury Department, OFAC master list of specially designated nationals and blocked persons (with limited exceptions set forth in [Presidential Executive Order 13224](#)).

FOREIGN TERRORIST LIST ORGANIZATION CHECK

The Office did not check the foreign terrorist lists for one purchase/procurement transaction in a timely manner. Government agencies may not contract with a company doing business with Iran, Sudan, or a foreign terrorist organization. See [Texas Government Code, Section 2252.152](#). Each agency must check the Iran, Sudan, foreign terrorist organizations divestment lists before contract award to see if the potential awardee is in violation of this requirement. The divestment lists are maintained by the Texas Safekeeping Trust Company and posted to the Comptroller's [Divestment Statute Lists](#) webpage. If a business is in violation, the contract may not be awarded to that vendor.

ENERGY COMPANY BOYCOTT CHECK

The Office was unable to prove it conducted the energy company boycott check before awarding the contract for two purchase/procurement transactions. In addition, for one purchase/procurement transaction, the energy company boycott check was not conducted in a timely manner. A government agency may not enter into certain contracts with a company for goods or services unless the contract contains a written verification from the company that it does not boycott energy companies and will not boycott energy companies during the term of the contract. Agencies must check the [divestment list](#) to confirm a potential awardee is not in violation of this requirement. See [Texas Government Code, Section 2276.002](#) and the [State of Texas Procurement and Contract Management Guide](#) – Energy Company Boycott Check.



RECOMMENDATION/REQUIREMENT

The Office must train its staff to conduct all applicable VCVs before any purchase, contract award, extension and/or renewal, and must retain dated results for each specified website in each pertinent purchase, procurement or contract file as proof of compliance.

OFFICE RESPONSE

The agency concurs with the recommendation. Our current procedure is to verify vendors in accordance with the requirements outlined in the Post-Payment Audits section and the Post-Payment & Procurement Review Agency Document Checklist within the Procurement Manual. Staff have been instructed to use the most current checklist from the most recent manual version and to store all required verifications in the CAPPS Purchase Order documentation.

To strengthen internal controls and ensure continued compliance, the Purchasing Manager will conduct periodic spot checks of vendor files to confirm that all verification requirements have been completed and appropriately documented.

NONCOMPLIANCE WITH LEGISLATIVE BUDGET BOARD REPORTING REQUIREMENTS

Auditors identified 13 errors in the Office's reporting to the Legislative Budget Board (LBB) for the purchase/procurement sample. Five purchase/procurement transactions were not reported to the LBB, and eight purchase/procurement transactions were not reported to the LBB in a timely manner. The Office stated that it understands the requirement for LBB reporting and this was previously the responsibility of the purchasing staff. However, confusion of assigned duties between purchasing and a newly created contract manager position caused reporting issues.

[General Appropriations Act \(GAA\), Reporting Requirements, Article IX, Section, 7.04](#), requires agencies that receive an appropriation under GAA to report contracts with values over \$50,000 to LBB, regardless of the funding source or method of finance associated with expenditure, even if only non-appropriated funds will be expended. Reporting to LBB shall occur before the 30th calendar day after awarding a contract or granting an amendment, modification, renewal, or extension. See the [LBB Contract Reporting Guidelines and Requirements](#).

RECOMMENDATION/REQUIREMENT

The Office must ensure it reports contract awards including amendments to LBB to comply with the [General Appropriations Act, Article IX, Section 7.04](#) and [LBB Contract Reporting Guidelines and Requirements](#).



OFFICE RESPONSE

The agency concurs with the recommendation. A misunderstanding regarding the responsibilities of a newly established position resulted in inconsistent reporting. To address this issue, all involved staff and management have received training on the rules and requirements related to LBB reporting.

Additionally, the agency plans to develop formal procedures that clearly define roles and responsibilities for all personnel involved in the reporting process. These procedures are intended to prevent future reporting issues and ensure consistent compliance with LBB requirements.

TRAVEL TRANSACTIONS

Auditors developed a sample of 25 travel transactions totaling \$15,976.63, 20 non-employee travel transactions totaling \$3,678.31, and six travel card transactions totaling \$1,563.03, processed during the audit period to ensure the Office complied with the GAA, [Textravel \(FPP G.005\)](#), and pertinent statutes. Audit tests revealed no exceptions for this group of transactions.

GRANT TRANSACTIONS

Auditors developed a sample of 10 grant transactions totaling \$17,949,240.61, then conducted a limited review of the Office's transactions relating to grant payments. This review consisted of verifying that the payments did not exceed the authorized amounts. The review of these payments did not include an investigation of the Office's procedures for awarding the grants or monitoring payments made to grantees; therefore, auditors are not offering an opinion of those procedures. Audit tests revealed no exceptions for this group of transactions.

REFUND OF REVENUE

Auditors developed a sample of three refund of revenue transactions totaling \$2,920.74, then conducted a limited review of the Office's transactions related to refunds of revenue payments. The review consisted of verifying that the payments did not exceed the authorized refund amounts and verifying that the reason for the refund was properly documented. 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 the Office 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.

TARGET ANALYSIS

The audit included target analyses outside the main samples of payroll, purchase/procurement and travel transactions. Using the Comptroller's statewide financial systems, auditors generated several special reports to analyze additional processes relevant to the audited agency. Such processes include procedures to comply with the federal mandate to properly identify and handle payments involving the international transfer of funds. Audit tests revealed an exception in the Office's targeted analysis reports.

MISSING DIRECT DEPOSIT AUTHORIZATION FORMS (INTERNATIONAL ACH TRANSACTIONS)

Auditors conducted a review of the Office's procedures to comply with the federal mandate to properly identify and handle payments involving moving funds internationally. Of the 10 vendors and employees selected for review, one direct deposit form was missing and one form was completed after the payment was made. The Office stated that its procedures require the appropriate forms for all Taxpayer Identification Number (TIN) changes, but an exception was made to prevent service disruption for these two vendors. The Office also stated it will improve future coordination, open communication between its divisions and encourage payment review of renewals. Without a form on file, the Office was unable to indicate whether state funds were forwarded to a financial institution outside the United States.

Due to federal requirements mandated by Office of Foreign Assets Control (OFAC), the National Automated Clearing House Association has adopted specific rules on the identification and processing of International Automated Clearing House transactions.

To avoid potential federal penalties, each state agency must:

- Be able to show due diligence in the processing of all direct deposit payments.
- Do its best to ensure direct deposit payments issued to accounts at U.S. financial institutions are not ultimately being transferred to financial institutions outside the United States.



RECOMMENDATION/REQUIREMENT

The Office must ensure all payees and vendors who request direct deposit payments submit a completed, signed direct deposit authorization form with the international payment verification question answered. Additionally, the Office must ensure the forms are maintained according to record retention requirements.

OFFICE RESPONSE

The agency concurs with the recommendation. Staff have received additional training on Comptroller of Public Accounts (CPA) guidance and requirements to ensure continued compliance with statewide standards. Agency procedures have been updated to require that all required documentation is uploaded and retained within the CAPPs Supplier Module. Verification of all required documentation will occur prior to approving any supplier for use.

Additionally, staff with access to TINS will be encouraged to complete refresher CPA training as part of their ongoing professional development to reinforce proper procedures and strengthen compliance controls.



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 Office of Court Administration (Office) payroll, purchase/procurement, grants, refund of revenue and travel transactions that processed through the statewide financial systems from June 1, 2023, through May 31, 2024, to determine compliance with applicable state laws.

The Office received detailed information about the identified errors. This information may be requested through a [Public Information Act](#) inquiry.

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 section 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.

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.

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

Eunice Miranda, CTCD, CTCM, Lead Auditor

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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

REPEAT FINDING ICON DEFINITION

 This issue was identified during the previous post-payment audit of the agency.