



Statewide Desk Audit

Payment Approval Authority and Security

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Executive Summary

Purpose and Scope

The Texas Comptroller of Public Accounts (Comptroller's office) performed a desk audit of payment approval authorization and security at state agencies (agencies) and institutions of higher education (institutions).

The objectives of the audit were to determine whether agencies and institutions complied with Comptroller requirements for terminated and transferred employee authorization and Comptroller system access from Sept. 1, 2022, through Aug. 31, 2023. The audit was conducted in accordance with Texas Government Code, Section 403.071.

The audit scope included reviews of statewide system ad hoc reports, signature card database entries and staff system access. These included reviews of:

- A weekly Comptroller Statewide Security Administration (SSA) termination/transfer report to determine whether agencies and institutions notified the Comptroller's office to remove terminated employees authorized to approve payments from the agency's signature card.
- The weekly Comptroller SSA termination/transfer report to determine whether agencies and institutions requested system security access removal for terminated employees.
- An ad hoc report for payments released by unauthorized users to determine whether any of the terminated employees approved payments without authorization (after termination).
- A quarterly ad hoc report showing all users with access to the statewide systems at the time the report was run. Auditors compare users with access to approve payments to authorized users on the signature card database to determine whether there were any users with payment approval access who were never added to the signature card database. Failure to add a user may be the result of an agency or institution not notifying the Comptroller's office that the user would be approving agency payments at the time systems access was requested.
- A quarterly termination ad hoc report from the Standardized Payroll/Personnel Reporting System (SPRS) and the Human Resource Information System (HRIS) and comparison to weekly termination reports. This comparison allows auditors to determine whether all terminations were captured and addressed in this annual report if a related issue was discovered.
- An ad hoc report to verify that no employees who approved agency payments during this audit period also entered the same payments in the system without oversight.



Background

Expenditure Approvals and Certification (FPP B.007) requires an individual who approves/releases payments (or payment batches) in the Uniform Statewide Accounting System (USAS), the Centralized Accounting and Payroll/Personnel System (CAPPS) or SPRS to be properly authorized. The agency or institution must complete and submit a voucher signature card and authorization letter to authorize staff to approve expenditures.

Access Requirements for Comptroller Systems (FPP K.015) requires the agency security coordinator (ASC) to ensure that no user has payment release/approval capabilities in USAS, SPRS or the Uniform Statewide Payroll/Personnel System (USPS) unless the user is authorized, is listed on a voucher signature card, and the Comptroller's office has been notified about the authorization.

Audit Results

Auditors reviewed termination/transfer information at 131 agencies and institutions for 1,692 employees (1,211 terminated; 481 transferred). Auditors identified one to three findings in 30 of the 131 agencies and institutions involving 46 of the terminated/transferred employees. See Table 1 for a list of audited agencies and institutions. See Table 2 for results by agency and institution.



Detailed Findings

Failure to Notify Comptroller to Remove Terminated Employees from Signature Card

During the audit period, 28 agencies and institutions failed to timely notify the Comptroller's office about the termination of 35 employees designated to approve expenditures. The requests to remove the employees from the signature cards were sent two to 669 days late.

34 Texas Administrative Code Section 5.61(k)(3)(B) requires an agency to notify the Comptroller's office whenever a designated employee's authority to approve expenditures is revoked for any reason. The Comptroller's office must receive notification of the employee's termination no later than the fifth day after the effective date of the termination. Any officer or employee may send the Comptroller's office notification of termination or revocation.

Since the statute does not specify how the Comptroller's office must be notified about the terminations, the Comptroller's office accepts emails, faxes, letters, memorandums, or other written notices before the expiration date. The written notification must indicate:

- The designated employee has terminated employment.
- The agency revoked (or will revoke) the employee's security access.
- The effective date of the revocation or termination.

The risk of a terminated employee remaining on the signature card is that the employee could approve paper vouchers submitted to the Comptroller's office during that time. Any payment produced by a paper voucher that was approved by the terminated employee would constitute an unapproved expenditure. Auditors determined no unapproved documents were processed by these 36 employees during the audit period. See **34 Texas Administrative Code Section 5.61(k)(3)(B)** and ***Expenditure Approvals and Certification (FPP B.007)***.

See Table 2 for agencies and institutions with this issue.

Recommendation/Requirement

Agencies and institutions must ensure compliance with the terminated employee security revocation requirements. They must also ensure that the staff member responsible for sending the revocation notifications to the Comptroller's office is aware of any terminations on or before the dates the revocations become effective. The staff member also must follow up with the Comptroller's office to ensure it received the notifications and revoked system access.



Failure to Request Security Access Removal for Terminated Employees

During the audit period, seven agencies and institutions failed to submit timely notice to remove security access for nine employees who were either terminated or whose authority to approve expenditures was revoked.

The lack of timely notice meant the employees retained security access to Comptroller systems for 11 to 376 days after termination. The employees could have approved expenditures submitted to the Comptroller's office during that time. Any expenditure that was approved under the employees' expired authority would have constituted an unapproved expenditure. Auditors ran a report to determine whether any expenditure was approved by the employees and noted that no expenditures were submitted after their termination dates.

When an employee's authority to approve an agency's expenditures is revoked for any reason, the employee's security profile must be changed not later than the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the agency. See [34 Texas Administrative Code Section 5.61\(k\)\(5\)\(A\)-\(B\)](#).

When an employee's authority to approve an agency's expenditures is revoked for any reason, the employee's security profile must be changed no later than the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the agency. Also see [Access Requirements for Comptroller Systems \(FPP K.015\)](#).

Recommendation/Requirement

Agencies and institutions must ensure compliance with the terminated employee security revocation requirements. They must also ensure that the staff member responsible for sending the revocation notifications to the Comptroller's office is aware of any employee terminations on or before the dates the revocations become effective. The staff member also must follow up with the Comptroller's office to ensure it received the notifications and revoked system access.

Employee Approved Payment Without Authority

During the audit period, one institution did not notify the Comptroller's office about the termination of one employee designated to approve expenditures. Additionally, the institution did not request system security access removal for the terminated employee.

The employee terminated on Jan. 1, 2022, but was rehired by the same institution on March 8, 2022. The Comptroller's office was not notified about the employee's termination or the rehiring. The lack of timely notification meant the employee remained listed on the institution's voucher signature cards and theoretically



retained access to the Comptroller's systems for 422 days after termination. Any payment produced by an electronic or paper voucher approved under the employee's expired authority would have constituted an unapproved expenditure since both the termination and the re-establishment of the employee access after rehiring were not reported. Auditors ran a report to determine whether any vouchers were approved by the employee between the original termination date and the audit review date. Between the rehire date and the date of the ad hoc report, the unauthorized employee approved 122 transactions totaling \$3,306,004.59.

Whenever a designated employee terminates employment with an agency, the Comptroller's office must receive notification of the employee's termination. See [34 Texas Administrative Code Section 5.61\(k\)](#).

Recommendation/Requirement

The institution must enhance its controls to ensure compliance with [34 Texas Administrative Code Section 5.61](#). The institution must ensure the staff member responsible for sending these notifications to the Comptroller's office is aware of the employee's termination on or before the termination becomes effective. The staff member also must follow up with the Comptroller's office to ensure it received the notifications and revoked system access.



Tables

Table 1: Audited Agencies and Institutions

Agency #	Agency Name
101	Senate
102	House of Representatives
104	Legislative Budget Board
116	Sunset Advisory Commission
212	Office of Court Administration
215	Office of Capital and Forensic Writs
228	Court of Appeals - Eighth Court of Appeals District
229	Court of Appeals - Ninth Court of Appeals District
230	Court of Appeals - Tenth Court of Appeals District
234	Court of Appeals - Fourteenth Court of Appeals District
242	State Commission on Judicial Conduct
301	Governor - Executive
302	Attorney General
303	Texas Facilities Commission
304	Comptroller of Public Accounts
305	General Land Office
306	Texas State Library and Archives Commission
307	Secretary of State
308	State Auditor
320	Texas Workforce Commission
323	Teacher Retirement System of Texas
326	Texas Emergency Services Retirement System
327	Employees Retirement System of Texas
329	Texas Real Estate Commission – Semi-Independent
332	Texas Department of Housing and Community Affairs
347	Texas Public Finance Authority
356	Texas Ethics Commission
359	Office of Public Insurance Counsel
360	State Office of Administrative Hearings
362	Texas Lottery Commission
401	Texas Military Department
403	Texas Veterans Commission
405	Department of Public Safety



Agency #	Agency Name
409	Commission on Jail Standards
411	Texas Commission on Fire Protection
448	Office of Injured Employee Counsel – Administered by 454
450	Department of Savings and Mortgage Lending – Semi-Independent
451	Texas Department of Banking – Semi-Independent
452	Texas Department of Licensing and Regulation
454	Texas Department of Insurance
455	Railroad Commission of Texas
456	Texas State Board of Plumbing Examiners
457	Texas State Board of Public Accountancy – Semi-Independent
458	Texas Alcoholic Beverage Commission
460	Texas Board of Professional Engineers and Land Surveyors – Semi-Independent
466	Office of Consumer Credit Commissioner – Semi-Independent
469	Credit Union Department – Semi-Independent
473	Public Utility Commission of Texas
475	Office of Public Utility Counsel
476	Texas Racing Commission
477	Commission on State Emergency Communications
479	State Office of Risk Management
506	University of Texas M. D. Anderson Cancer Center
515	Texas State Board of Pharmacy
529	Health and Human Services Commission
530	Department of Family and Protective Services
537	Department of State Health Services
551	Department of Agriculture
554	Texas Animal Health Commission
555	Texas A&M AgriLife Extension Service
556	Texas A&M AgriLife Research
557	Texas A&M Veterinary Medical Diagnostic Laboratory
575	Texas Division of Emergency Management
576	Texas A&M Forest Service
578	State Board of Veterinary Medical Examiners
580	Texas Water Development Board
582	Texas Commission on Environmental Quality
601	Texas Department of Transportation
608	Texas Department of Motor Vehicles
644	Texas Juvenile Justice Department



Agency #	Agency Name
696	Texas Department of Criminal Justice
701	Texas Education Agency
706	Texas Permanent School Fund Corporation
710	Texas A&M University System
711	Texas A&M University
713	Tarleton State University
714	University of Texas at Arlington
715	Prairie View A&M University
716	Texas A&M Engineering Extension Service
717	Texas Southern University
718	Texas A&M University at Galveston
720	University of Texas System
721	University of Texas at Austin
723	University of Texas Medical Branch at Galveston
724	University of Texas at El Paso
727	Texas A&M Transportation Institute
729	University of Texas Southwestern Medical Center
730	University of Houston
731	Texas Woman's University
732	Texas A&M University - Kingsville
734	Lamar University
735	Midwestern State University
737	Angelo State University
738	University of Texas at Dallas
739	Texas Tech University Health Sciences Center
742	University of Texas of the Permian Basin
743	University of Texas at San Antonio
744	University of Texas Health Science Center at Houston
745	University of Texas Health Science Center at San Antonio
746	University of Texas Rio Grande Valley
750	University of Texas at Tyler
751	Texas A&M University - Commerce
752	University of North Texas
753	Sam Houston State University
754	Texas State University
755	Stephen F. Austin State University, a member of The University of Texas System
756	Sul Ross State University



Agency #	Agency Name
757	West Texas A&M University
759	University of Houston - Clear Lake
760	Texas A&M University - Corpus Christi
761	Texas A&M International University
763	University of North Texas Health Science Center at Fort Worth
764	Texas A&M University - Texarkana
765	University of Houston - Victoria
769	University of North Texas System
770	Texas A&M University - Central Texas
771	Texas School for the Blind and Visually Impaired
772	Texas School for the Deaf
773	University of North Texas at Dallas
774	Texas Tech University Health Sciences Center - El Paso
781	Texas Higher Education Coordinating Board
783	University of Houston System
784	University of Houston - Downtown
785	University of Texas Health Science Center at Tyler
789	Lamar Institute of Technology
802	Parks and Wildlife Department
808	Texas Historical Commission
809	State Preservation Board
902	Comptroller - State Fiscal
909	Comptroller - Texas Broadband Development Office
930	Texas Treasury Safekeeping Trust Company
Total — 131 State Agencies and Higher Education Institutions	



Table 2: Audit Results by Agency and Institution

Agency #	Agency Name	Audit Results
228	Court of Appeals - Eighth Court of Appeals District	Failed to timely remove one employee from signature cards.
230	Court of Appeals - Tenth Court of Appeals District	Failed to timely remove one employee from signature cards.
303	Texas Facilities Commission	Failed to timely remove one employee from signature cards.
304	Comptroller of Public Accounts	Failed to timely remove one employee from signature cards.
320	Texas Workforce Commission	Failed to timely remove one employee from signature cards.
327	Teacher Retirement System of Texas	<ul style="list-style-type: none"> Failed to timely remove one employee from signature cards. Failed to timely request removal of systems access for one employee.
332	Texas Department of Housing and Community Affairs	Failed to timely remove two employees from signature cards.
356	Texas Ethics Commission	Failed to timely request removal of systems access for one employee.
359	Office of Public Insurance Counsel	Failed to timely remove one employee from signature cards.
401	Texas Military Department	Failed to timely remove one employee from signature cards.
403	Texas Veterans Commission	<ul style="list-style-type: none"> Failed to timely remove one employee from signature cards. Failed to timely request removal of systems access for one employee.
405	Department of Public Safety	Failed to timely remove one employee from signature cards.
473	Public Utility Commission of Texas	Failed to timely remove one employee from signature cards.
476	Texas Racing Commission	Failed to timely request removal of systems access for one employee.
537	Department of State Health Services	Failed to timely remove one employee from signature cards.
554	Texas Animal Health Commission	<ul style="list-style-type: none"> Failed to timely remove four employees from signature cards. Failed to timely request removal of systems access for three employees.
578	State Board of Veterinary Medical Examiners	<ul style="list-style-type: none"> Failed to timely remove one employee from signature cards. Failed to timely request removal of systems access for one employee.
580	Texas Water Development Board	Failed to timely remove one employee from signature cards.
582	Texas Commission on Environmental Quality	Failed to timely remove two employees from signature cards.
713	Tarleton State University	Failed to timely remove one employee from signature cards.



Agency #	Agency Name	Audit Results
716	Texas A&M Engineering Extension Service	<ul style="list-style-type: none">Failed to timely remove one employee from signature cards.Failed to timely request removal of systems access for one employee.One employee approved 122 payments without authority.
718	Texas A&M University at Galveston	Failed to timely remove one employee from signature cards.
730	University of Houston	Failed to timely remove one employee from signature cards.
732	Texas A&M University - Kingsville	Failed to timely remove one employee from signature cards.
742	University of Texas of the Permian Basin	Failed to timely remove one employee from signature cards.
744	University of Texas Health Science Center at Houston	Failed to timely remove one employee from signature cards.
752	University of North Texas	Failed to timely remove two employees from signature cards.
755	Stephen F. Austin State University, a member of The University of Texas System	Failed to timely remove one employee from signature cards.
771	Texas School for the Blind and Visually Impaired	Failed to timely remove one employee from signature cards.
773	University of North Texas at Dallas	Failed to timely remove two employees from signature cards.
Total – 30 State Agencies and Higher Education Institutions With 45 Issues Identified		