



A Limited Desk Audit

Misuse of Comptroller-Assigned TINs

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Executive Summary

Purpose and Scope

The Fiscal Management Division of the Comptroller of Public Accounts (Comptroller's office) performed a limited desk audit to determine if state agencies (agencies) and institutions of higher education (institutions) complied with requirements for the use of Comptroller taxpayer numbers.

The objectives of the audit were to determine if agencies and institutions:

- Complied with requirements for the use of Comptroller taxpayer numbers.
- and -
- Complied with requirements for creating vendor holds in the Texas Identification Number System (TINS).

The audit consisted of a review of analytical reports that identified vendor holds placed on a Comptroller-assigned taxpayer number. The audit was conducted in accordance with Comptroller policy set forth in [TexPayment Resource](#).

Background

Comptroller taxpayer numbers (starting with 30, 32, 38 or 39) are for Comptroller use only. Agencies and institutions should not use these numbers or any part of them to issue payments or set up vendor holds. Setting up a hold on a partial Comptroller taxpayer number is prohibited; it results in inaccurate hold reporting and impedes the Comptroller's ability to recoup state debts. State debt includes unpaid taxes, delinquent child support payments, student loan defaults, overpayments to payees, and other indebtedness to the state. The debtor could be an individual, corporation, organization, government subdivision or agency, business trust, estate, partnership, association, or another legal debtor that may receive payment(s) from the state.

Comptroller taxpayer numbers should never be used to create a hold. If a debtor owes a debt to an agency, the agency must determine the Employer Identification Number (EIN) or Social Security number (SSN) and set up the hold based on that number. See [TexPayment Resource - Comptroller-Assigned TINs](#), [Payee Hold Setup \(PHDSUP\)](#) and [Reporting Debtor Records](#) for more information.

Audit Results

Auditors reviewed system data that compared Comptroller-assigned taxpayer numbers with the hold records in TINS. Comptroller-assigned taxpayer numbers were misused in 500 holds set up by eight agencies and institutions.



Detailed Findings

Misuse of Comptroller-Assigned TINs When Creating a Hold Record

The TINS ad-hoc report identified eight agencies and institutions altered and used Comptroller-assigned taxpayer numbers when placing an entity or individual on hold. The ad hoc report shows these agencies altered business taxpayer numbers by removing the first digit (3) and the last digit, then set up holds using the middle nine digits as EINs. The agencies and institutions collectively set up 500 holds for a total debt amount of \$2,779,261.87. A TINS hold reported on an incorrect or false EIN or SSN will not recoup any state funds that could have been applied to the debt. There is also a risk that some of these erroneous numbers could correspond to actual valid EINs, but not those of the actual debtors. See Table 1: Agency Holds Set Up on Incorrect TINs.

Recommendation/Requirement

Agencies and institutions must comply with Comptroller policy as detailed in [TexPayment Resource – Reporting Debtor Records](#) when reporting debtor holds in TINS, and must obtain a valid EIN, SSN or ITIN for entities and/or individuals who are indebted to them. The debtor record in TINS must be set up on a valid EIN, SSN or ITIN, and agencies and institutions should not use a Comptroller-assigned taxpayer number for any purpose other than research during a payee setup in TINS. The Comptroller’s office has given each agency and institution the list of incorrectly set up vendor holds. Hold records set up on incorrect TINs must be deleted and set up with the correct EIN or SSN by May 10, 2024.



Tables

Table 1: Agency Holds Set Up on Incorrect TINs

Agency #	Agency Name	Number of Incorrect Hold Records	Total Hold Liability Amount
302	Attorney General	5	\$29,190.54
320	Texas Workforce Commission	482	\$2,707,694.75
362	Texas Lottery Commission	3	\$2,537.94
405	Department of Public Safety	3	\$3,400.00
551	Department of Agriculture	1	\$500.00
555	Texas A&M AgriLife Extension Service	1	\$180.00
582	Texas Commission on Environmental Quality	4	\$35,596.14
711	Texas A&M University	1	\$162.50
8		500	\$2,779,261.87