

STATEWIDE DESK AUDIT PAYMENT APPROVAL AUTHORITY AND SECURITY

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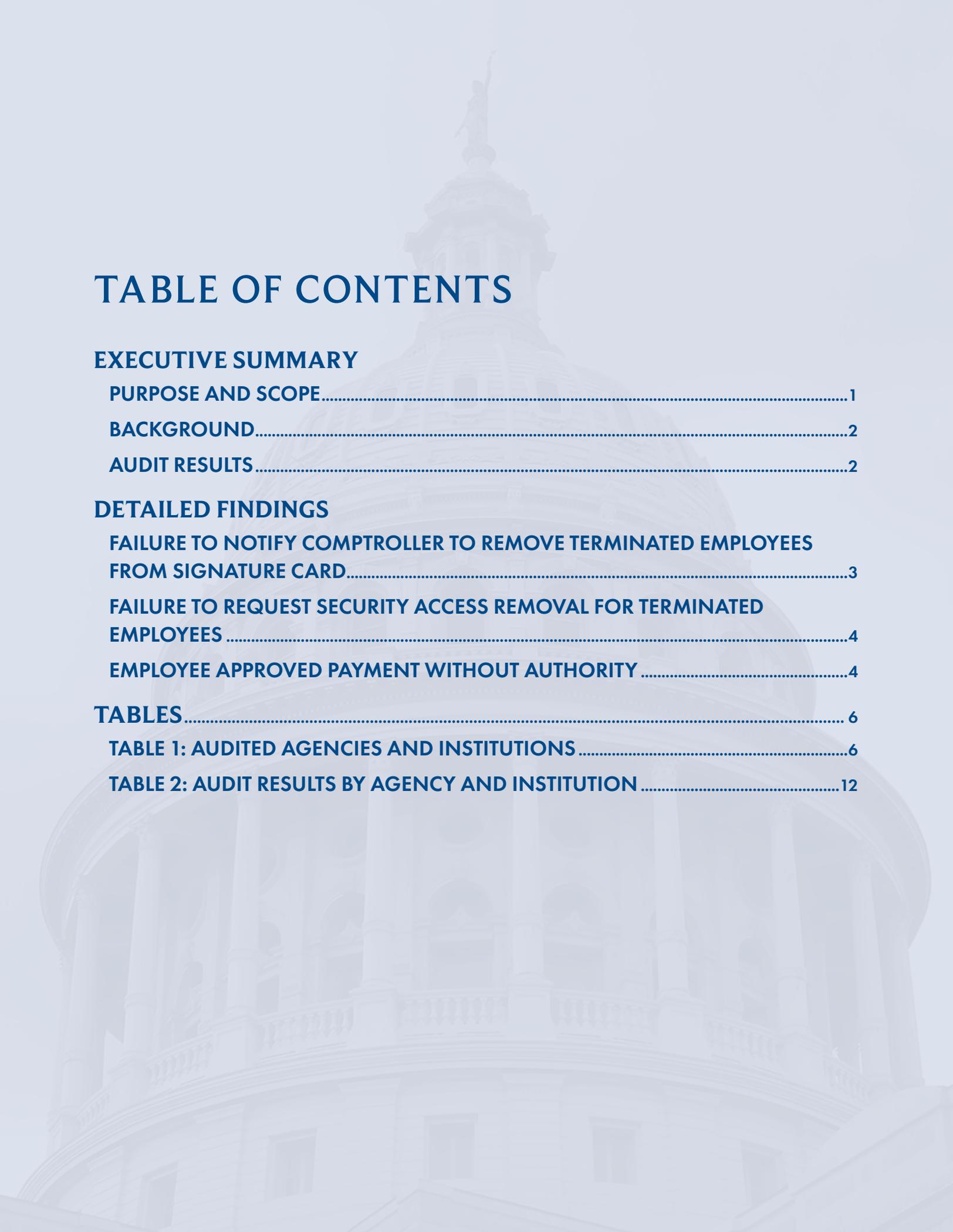


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EXECUTIVE SUMMARY

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, 2024, through Aug. 31, 2025. 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 who were authorized to approve payments from the agency's signature card.
- A 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 (after termination) without authorization.
- A quarterly ad hoc report showing all users with access to the statewide systems at the time the report was run. Auditors compared 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) with a comparison to weekly termination reports. If a related issue is discovered, this comparison ensures all terminations were captured and addressed in this annual report.
- An ad hoc report to verify that no employee 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 Comptroller's statewide financial systems 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 to ensure no user has payment release/approval capabilities in the Comptroller's statewide financial systems unless the user is authorized and listed on a voucher signature card and the agency has notified the Comptroller's office about the authorization.

AUDIT RESULTS

Auditors reviewed termination/transfer information at 171 agencies and institutions for employee terminations and transfers. The 171 agencies and institutions had 65,309 employees terminate or transfer. Of those, 1,399 had access to the Comptrollers' financial systems or were authorized to approve payments.

The 1,399 employees (349 transferred and 1,050 terminated) had Comptroller system access and were on the signature card. Of the 171 agencies and institutions tested, auditors identified 22 agencies with one to three findings; these findings involved 27 of the terminated/transferred employees. See [Table 1](#) for a list of reviewed and 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, 21 agencies and institutions failed to notify the Comptroller's office on time about the termination of 22 employees designated to approve expenditures. The requests to remove the employees from the signature cards were sent 12 to 39 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 termination date. Any officer or employee may send the notification of termination or revocation to the Comptroller's office.

Since this administrative code provision 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. 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 approved by a terminated employee would constitute an unapproved expenditure. Auditors determined no unapproved documents were processed during the audit period by 30 of the 31 employees who had been designated to approve expenditures but then terminated. 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 the staff member responsible for sending revocation notifications to the Comptroller's office is aware of any terminations on or before the effective revocation dates. 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, 11 agencies and institutions failed to submit timely notice to remove security access for 11 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 two to 39 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 terminated employees; no expenditures were submitted after employee 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 no later than the effective date of the revocation or termination to prevent the employee from approving expenditures for the agency. See [Access Requirements for Comptroller Systems \(FPP K.015\)](#) for more information.

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\(k\)\(5\)\(A\)-\(B\)](#).

RECOMMENDATION/REQUIREMENT

Agencies and institutions must ensure compliance with 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 effective revocation dates. 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 terminated employee at an institution approved a payment.

The employee was terminated on July 31, 2025. The Comptroller's office was not notified about the employee's termination. The lack of timely notification meant the employee remained listed on the agency's voucher signature cards and theoretically retained access to the Comptroller's system for 13 days after termination. One day after the employee's termination date, the unauthorized employee or another staff member using the terminated employee's access credentials approved 32 transactions totaling \$835,412.54.



These payments produced by an electronic or paper voucher approved under the employee's expired authority are considered unapproved expenditures.

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 agency must enhance its controls to ensure compliance with [34 Texas Administrative Code Section 5.61](#). The agency must ensure the staff member responsible for sending these notifications to the Comptroller's office is aware of employee terminations on or before the termination effective dates. 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
103	Texas Legislative Council
104	Legislative Budget Board
105	Legislative Reference Library
116	Sunset Advisory Commission
201	Supreme Court
211	State Bar of Texas
212	Office of Court Administration
215	Office of Capital and Forensic Writs
221	First Court of Appeals District
222	Second Court of Appeals District
223	Third Court of Appeals District
224	Fourth Court of Appeals District
225	Fifth Court of Appeals District
226	Sixth Court of Appeals District
227	Seventh Court of Appeals District
228	Eighth Court of Appeals District
229	Ninth Court of Appeals District
230	Tenth Court of Appeals District
231	Eleventh Court of Appeals District
233	Thirteenth Court of Appeals District
234	Fourteenth Court of Appeals District
235	Fifteenth Court of Appeals District
241	Comptroller - Judiciary Section
242	State Commission on Judicial Conduct
243	State Law Library
300	Governor - Fiscal
301	Governor - Executive
302	Attorney General
303	Texas Facilities Commission



AGENCY #	AGENCY NAME
304	Comptroller of Public Accounts
305	General Land Office
306	Texas State Library and Archives Commission
307	Secretary of State
308	State Auditor
312	State Securities Board
313	Department of Information Resources
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
332	Texas Department of Housing and Community Affairs
338	State Pension Review Board
347	Texas Public Finance Authority
352	Bond Review Board
356	Texas Ethics Commission
359	Office of Public Insurance Counsel
360	State Office of Administrative Hearings
362	Texas Lottery Commission (Effective 9/1/2025, moved to Texas Department of Licensing and Regulation – 452)
401	Texas Military Department
403	Texas Veterans Commission
405	Department of Public Safety
407	Texas Commission on Law Enforcement
411	Texas Commission on Fire Protection
448	Office of Injured Employee Counsel
450	Department of Savings and Mortgage Lending
451	Texas Department of Banking
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



AGENCY #	AGENCY NAME
458	Texas Alcoholic Beverage Commission
459	Texas Board of Architectural Examiners
466	Office of Consumer Credit Commissioner
469	Credit Union Department
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
481	Texas Board of Professional Geoscientists
503	Texas Medical Board
504	State Board of Dental Examiners
506	University of Texas M.D. Anderson Cancer Center
507	Texas Board of Nursing
508	Texas Board of Chiropractic Examiners
510	Texas Behavioral Health Executive Council
513	Texas Funeral Service Commission
514	Texas Optometry Board
515	Texas State Board of Pharmacy
529	Health and Human Services Commission
530	Department of Family and Protective Services
533	Executive Council of Physical and Occupational Therapy
537	Department of State Health Services
542	Cancer Prevention and Research Institute of Texas
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



AGENCY #	AGENCY NAME
582	Texas Commission on Environmental Quality
592	Soil and Water Conservation Board
601	Texas Department of Transportation
608	Texas Department of Motor Vehicles
644	Texas Juvenile Justice Department
696	Texas Department of Criminal Justice
701	Texas Education Agency
706	Texas Permanent School Fund Corporation
708	Texas A&M University System - Shared Services Center
709	Texas A&M University System Health Science Center
710	Texas A&M University System
711	Texas A&M University
712	Texas A&M Engineering Experiment Station
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
719	Texas State Technical College System
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
733	Texas Tech University
734	Lamar University
735	Midwestern State University
737	Angelo State University



AGENCY #	AGENCY NAME
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
749	Texas A&M University at San Antonio
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
757	West Texas A&M University
758	Texas State University System
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
768	Texas Tech University System
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



AGENCY #	AGENCY NAME
785	University of Texas Health Science Center at Tyler
802	Parks and Wildlife Department
808	Texas Historical Commission
809	State Preservation Board
813	Texas Commission on the Arts
907	Comptroller - State Energy Conservation Office
909	Comptroller - Texas Broadband Development Office
930	Texas Treasury Safekeeping Trust Company
TOTAL — 171 STATE AGENCIES AND HIGHER EDUCATION INSTITUTIONS	



TABLE 2: AUDIT RESULTS BY AGENCY AND INSTITUTION

AGENCY #	AGENCY NAME	AGENCY RESULTS
201	Supreme Court	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
301	Governor - Executive	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
320	Texas Workforce Commission	Failed to remove two employees from signature card in a timely manner
405	Department of Public Safety	Failed to remove two employees from signature card in a timely manner
448	Office of Injured Employee Counsel	Failed to remove one employee from signature card in a timely manner
457	Texas State Board of Public Accountancy	Failed to remove two employees from signature card in a timely manner
469	Credit Union Department	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
473	Public Utility Commission of Texas	Failed to remove one employee from signature card in a timely manner
476	Texas Racing Commission	Failed to remove one employee from signature card in a timely manner
513	Texas Funeral Service Commission	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
515	Texas State Board of Pharmacy	Failed to remove one employee from signature card in a timely manner
530	Department of Family and Protective Services	Failed to request removal of systems access for one employee in a timely manner
537	Department of State Health Services	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
580	Texas Water Development Board	Failed to remove one employee from signature card in a timely manner
644	Texas Juvenile Justice Department	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.



AGENCY #	AGENCY NAME	AGENCY RESULTS
713	Tarleton State University	Failed to remove one employee from signature card in a timely manner
734	Lamar University	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.Terminated employee approved a payment without authority.
742	University of Texas of the Permian Basin	Failed to remove one employee from signature card in a timely manner
749	Texas A&M University at San Antonio	Failed to request removal of systems access for one employee in a timely manner
759	University of Houston - Clear Lake	Failed to request removal of systems access for one employee in a timely manner
785	University of Texas Health Science Center at Tyler	<ul style="list-style-type: none">Failed to remove two employees from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
808	Texas Historical Commission	Failed to remove one employee from signature card in a timely manner

TOTAL — 22 STATE AGENCIES AND HIGHER EDUCATION INSTITUTIONS WITH 27 EMPLOYEES AND 35 ISSUES IDENTIFIED