



Multi-Agency Follow-Up Audit Report

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Table of Contents

Executive Summary

Purpose and Scope	1
Background.....	1
Audit Results	2

Detailed Information

Agency 407 – Texas Commission on Law Enforcement.....	3
Agency 504 – State Board of Dental Examiners.....	7
Agency 507 – Texas Board of Nursing.....	12
Agency 533 – Executive Council of Physical and Occupational Therapy Examiners ..	15
Agency 724 – University of Texas at El Paso	20



Executive Summary

Purpose and Scope

The Texas Comptroller of Public Accounts (Comptroller's office) has completed a follow-up audit of certain agencies' findings to monitor the implementation of Comptroller's office recommendations.

These audits were selected for follow-up using a risk-based approach and the significance of issues found during the recent full-scope audits. The follow-up audit scope is limited to verifying that each agency has designed and implemented controls to address issues noted in previous audits, unless auditors become aware of significant potential issues during planning or fieldwork.





Auditors selected five agencies for this follow-up audit (see Table 1). The audit covers the status of the open recommendations the Comptroller's office made in the following agencies' post-payment audit reports:

Table 1

Agency #	Agency	Audit Report Number	Issue Date	Number of Findings
407	Texas Commission on Law Enforcement	407-17-01	1/2/2018	11
504	State Board of Dental Examiners	504-17-01	11/9/2017	15
507	Texas Board of Nursing	507-16-01	11/28/2016	14
533	Executive Council of Physical and Occupational Therapy Examiners	533-18-01	9/28/2018	15
724	University of Texas at El Paso	724-15-01	6/24/2016	12

Background

The auditors consider recommendations:

-  **Implemented** when the agency staff provided sufficient and appropriate evidence to support all elements of the recommendation.
-  **In Progress** when agencies have specific plans to begin, or have begun to implement and intend to fully implement the recommendation.
-  **Not Implemented** when evidence did not support meaningful movement toward implementation, when no evidence was provided, when implementation will take time and is in process but has no measurable progress yet, or when a new recommendation has been issued within the last three months.
-  **Not Tested** when an agency did not process any transactions of the type to be tested during the audit period.



The audit methodology included reviewing each agency's corrective action plan and implementation timeline created in response to the post-payment audit. Auditors also selected samples of transactions, reviewed supporting documentation submitted by each agency, and met with agency staff.

Audit Results

Agencies have communicated that although many recommendations remain outstanding, implementation is in progress. See Table 2 for results by agency.

Of the 67 recommendations selected for review:

- 36 recommendations were implemented.
- 18 recommendations were in progress.
- Nine recommendations were not implemented.
- Four recommendations were not tested.

Table 2

Agency #	Agency	Implemented	In Progress	Not Implemented	Not Tested
407	Texas Commission on Law Enforcement	7	1	2	1
504	State Board of Dental Examiners	7	7	1	0
507	Texas Board of Nursing	5	1	6	2
533	Executive Council of Physical and Occupational Therapy Examiners	6	9	0	0
724	University of Texas at El Paso	11	0	0	1



Detailed Information

Table 3: Status of Open Recommendations by Agency

Agency 407 – Texas Commission on Law Enforcement		
Issue	Recommendation	Implementation Status
Missing statutory authority for purchase	The Commission must update its policies and procedures to ensure that it does not purchase goods or services that it does not have the statutory authority to purchase or that do not appear to further a state purpose connected with the Commission’s statutory responsibilities.	Implemented
Missing receiving documentation	The Commission must ensure that no payment is made without sufficient supporting documentation. The Commission must also ensure that it creates and maintains supporting documentation for audit review. The Commission should review and update its procedures for maintaining proper supporting documentation for all purchases.	Implemented
Purchase order (PO) created after invoice	While a formal PO is not always required, documentation of the agreement must be prepared at the time the goods or services are ordered from the vendor. The PO must include the terms, conditions and specifications with which the vendor must comply in fulfilling its obligations to the agency, as well as any vendor exceptions that have been accepted. The PO identification number must be referenced on all bills of lading, packing slips, back orders, invoices and other transactional documents.	Not Implemented
Procurement process not used: missing Centralized Master’s Bidders List (CMBL) solicitation documentation	All agencies and institutions of higher education must use the CMBL for all purchases, including services for which competitive bidding or competitive sealed proposals are required. The Commission must maintain evidence that the CMBL vendors were contacted and include it in the contract file, as well as the bid tabulation that supports the contracted vendor selection.	Implemented
Procurement process not used: bid and evaluation criteria not followed	The Commission must obtain bids from qualified vendors for all services exceeding \$5,000. It must ensure all bids are tabulated and documentation related to the procurement process is retained.	Implemented



Agency 407 – Texas Commission on Law Enforcement

Issue	Recommendation	Implementation Status
Procurement process not used: missing System for Award Management (SAM) search	The Commission must conduct a SAM search prior to any purchase, award or contract renewal. Since SAM may update these databases more than once in a 24- hour period, a final check of the Specially Designated Nationals (SDN) listing must be made prior to any contract award to ensure the Commission does not award contracts to any person or vendor whose name appears on the SDN list. A copy of the SAM search results from the specified website must be used as evidence of the vendor search and must be included in the contract file.	Implemented
Procurement process not used: missing Electronic State Business Daily (ESBD) posting	The Commission must strengthen its controls to ensure that any contract over \$25,000 is posted for the proper duration. Failure to post a qualifying purchase for the mandatory duration of time could void the entire contract. Supporting documentation for a purchase must be made available in an audit to justify the validity of the payment. The Commission must ensure it retains adequate supporting documentation for all expenditures before processing the payment.	Implemented
Incorrect travel reimbursement	The Commission should caution its employees and approval staff to verify that all amounts submitted for reimbursement are correct. The Commission must obtain reimbursement from the traveler for the overpayment, unless it is determined it is not cost effective to do so. In addition, a payment should be processed for the underpayment.	Implemented
Prompt payment and payment scheduling	The Commission must review its procedures to ensure that it submits payment information for processing, as well as releases the payment in a timely manner to avoid incurring interest liabilities. In addition, the Commission must verify that proper due dates are entered to ensure that any interest due is paid correctly to the vendors. To minimize the loss of earned interest to the state's treasury, the Commission must schedule all payments over \$5,000 for the latest possible distribution and in accordance with its purchasing agreements as described in eXpendit — Payment Scheduling.	Not Implemented



Agency 407 – Texas Commission on Law Enforcement

Issue	Recommendation	Implementation Status
<p>Failure to notify the Comptroller's office to remove employee from signature card</p>	<p>The Commission must ensure compliance with the terminated employee security revocation requirements. It must also ensure that the person responsible for sending the revocation notifications to the Comptroller's office is aware of the employees' terminations on or before the dates the revocations become effective and follows up with the Comptroller's office to ensure receipt of the notification and that the revocation occurred.</p> <p><i>*The Commission did not have any employees who terminated during the audit period.</i></p>	<p>*Not Tested</p>
<p>Control weakness over expenditure processing</p>	<p>To reduce risks to state funds, agencies should have controls over expenditure processing that segregate each accounting task to the greatest extent possible. Ideally, no individual should be able to process transactions without another person's involvement.</p> <p>Auditors strongly recommend that the Commission implement the following recommendations:</p> <ol style="list-style-type: none"> 1. The Commission must limit access at the time it is set up (96A screen) by limiting user access to either enter/change vouchers or release/approve batches. 2. The Commission should elect to have the document tracking control edit on the Agency Profile (D02) set to either: <ul style="list-style-type: none"> • Prevent a user from releasing a batch that the same user entered or altered. –OR– • Warn the user when the same user attempts to release his or her own entries or changes. See <i>USAS Accounting and Payment Control (FPP B.005)</i>. 3. The Commission must work with the Comptroller's office Statewide Fiscal Systems Security staff to set up user profiles that separate the entry and approval of payroll transactions in the Uniform Statewide Payroll/Personnel System (USPS). 4. The Commission must limit user access by removing the user from the Agency Authorization for Warrant Pickup list or by removing the user's ability to release/approve vouchers in the Uniform Statewide Accounting System (USAS).* <p><i>*In Progress: Auditors found the Commission has one employee who can process and release payments and payrolls through USAS. Although there were no payment documents processed through USAS during the audit period because of the action of only one person, the Commission did not identify any mitigating controls in place to reduce associated risks. Additionally, while the Commission converted to CAPPs, it must still ensure that user access to systems no longer used is properly removed or modified.</i></p>	<p>*In Progress</p>



Agency 407 – Texas Commission on Law Enforcement

Issue	Recommendation	Implementation Status
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Agency Response

The Texas Commission on Law Enforcement appreciates the professionalism of the CPA in this follow-up audit. The agency agrees with the findings. We have made significant progress on previous audit findings and value the acknowledgement that most process improvements have been implemented.

Two issues continue to be improved.

- 1. Purchase Order (PO) created after invoice. The agency continues to emphasize to staff the importance and legal responsibility to get an approval in writing no matter how small the purchase. We do not expect this to be an issue in any further audits.*
- 2. Prompt payment and expenditure processing. TCOLE continues to pay close attention to receipt and payment dates, contacting vendors when necessary. Purchasing personnel will take prompt payment and expenditure processing training from the Comptroller.*



Agency 504 – State Board of Dental Examiners

Issue	Recommendation	Implementation Status
Incorrect longevity pay amounts	The Board must continue to review each employee’s job application for prior state service to confirm that it is properly recorded to ensure longevity pay increases and leave accruals occur at the correct times.	Implemented
Incomplete/missing documentation	We recommend the Board review its human resource files and re-create any missing documentation to support all personnel actions for its employees. The Board must ensure that all personnel action forms (PAFs) are retained in the employees’ human resource files.	Implemented
Incorrect payment amounts	We recommend the Board enhance its internal controls to prevent incorrect payments. The Board should compensate the underpaid employee through a supplemental payroll. In addition, the Board should consider recovering the amounts of overpayment in accordance with Chapter 666, Texas Government Code , unless it determines it is not cost effective to do so.	Implemented
Purchase order (PO) created after invoice	While a formal PO is not always required, documentation of the agreement must be prepared at the time the goods or services are ordered from the vendor. The PO needs to include the terms, conditions and specifications with which the vendor must comply in fulfilling its obligations to the agency, as well as any vendor exceptions which have been accepted. The PO number must be referenced on all bills of lading, packing slips, back orders, invoices and other transactional documents.	*In Progress
		<i>*In Progress: In one out of 17 purchase/procurement transactions, the Board created the PO after the invoice was received.</i>
Missing purchase order (PO)	The Board must ensure that documentation of the purchase is prepared at the time the goods or services are ordered from the vendor. Once the Board has processed a final approved PO with the vendor, the Board may not pay any amount in excess of the agreed-upon amount unless the PO is amended due to the vendor providing a new benefit to the Board.	*In Progress
		<i>*In Progress: Auditors found all the POs were completed and included all required supporting documentation except for one transaction where the PO was created after the invoice.</i>



Agency 504 – State Board of Dental Examiners

Issue	Recommendation	Implementation Status
<p>Procurement process not utilized – missing Centralized Master Bidders List (CMBL) solicitation documentation</p>	<p>All agencies and institutions of higher education must use the CMBL for all purchases, including services for which competitive bidding or competitive sealed proposals are required. The Board must maintain evidence that the CMBL vendors were contacted and included in the contract file, as well as the bid tabulation that supports the contracted vendor selection.</p>	<p>*In Progress</p>
	<p><i>*In Progress: Auditors found the POs were completed and included all the required supporting documentation except for one transaction where the PO was created after the invoice.</i></p>	
<p>Procurement process not utilized – bid and evaluation criteria not followed</p>	<p>The Board must obtain bids from qualified vendors for all services exceeding \$5,000. It must ensure that all bids are tabulated and the documentation related to the procurement process is retained.</p>	<p>*In Progress</p>
	<p><i>*In Progress: Auditors found that for one out of eight purchase/procurement transactions, the Board did not follow bid and evaluation criteria for a purchase over \$5,000.</i></p>	
<p>Procurement process not utilized – missing System for Award Management (SAM) search</p>	<p>The Board must conduct a SAM search prior to any purchase, award or contract renewal. SAM may update these databases more than once in a 24-hour period, so a final check of the Specially Designated Nationals (SDN) listing must be made prior to any contract award to ensure the Board does not award contracts to any person or vendor whose name appears on the SDN list. A copy of the SAM search results from the specified website must be used as evidence of the vendor search performed by the agency and must be included in the contract file.</p>	<p>*In Progress</p>
	<p><i>*In Progress: Auditors found that for one out of 17 purchase/procurement transactions, the Board did not conduct a SAM search before each purchase award and/or contract renewal.</i></p>	
<p>Procurement process not utilized – missing Department of Information Resources (DIR) exemption</p>	<p>The Board must follow the procedures outlined in the State of Texas Procurement and Contract Management Guide for Information Technology (IT) goods or services. The Board must obtain an exemption request authorization from DIR and make it part of the procurement documentation file every time it buys IT goods or services from a source other than DIR cooperative contracts.</p>	<p>Implemented</p>



Agency 504 – State Board of Dental Examiners

Issue	Recommendation	Implementation Status
Missing invoices	The Board must ensure that employee travel vouchers provide adequate payment documentation prior to reimbursement. The Board should obtain an updated receipt from the airfare vendor for the travel voucher unless the Board determines it is not cost effective to do so. The Board must ensure that all travel reimbursements are properly reviewed at the time of payment to ensure compliance with all applicable regulations and limitations.	*In Progress
<i>*In Progress: Auditors found one out of five travel transactions where the Board did not provide the lodging invoice for a travel reimbursement.</i>		
Incomplete direct deposit authorization forms	The Board must ensure that all payees that request payment by direct deposit submit a completed direct deposit form, with the international ACH (automated clearing house) transaction (IAT) question answered. A direct deposit authorization form should not be processed if the IAT section is left blank or the form is unsigned.	Implemented
Incorrect credit card billing number	The Board must enhance its procedures to ensure payments for third-party transactions are processed in accordance with FPP A.043 and FPP E.023 . To avoid any account delinquency or reconciliation issues, we recommend the Board review payment card statements to ensure the payments were posted correctly.	Not Implemented
Failure to request security access removal	The Board must ensure compliance with the terminated employee's security revocation requirements. It must also ensure that the person responsible for sending the revocation notifications to the Comptroller's office is aware of the employee terminations on or before the dates the revocations become effective and follows up with the Comptroller's office to ensure receipt of the notification and the revocation occurred.	Implemented
Failure to notify Comptroller's office to remove employee from signature card	The Board must ensure compliance with the terminated employee security revocation requirements. It must also ensure that the person responsible for sending the revocation notifications to the Comptroller's office is aware of the employees' terminations on or before the dates the revocations become effective and follows up with the Comptroller's office to ensure receipt of the notification and the revocation occurred.	Implemented



Agency 504 – State Board of Dental Examiners

Issue	Recommendation	Implementation Status
<p>Control weakness over expenditure processing/ risky documents/ Confidential Treatment Information Acknowledgement (CTIA) form missing</p>	<p>The Board should review the controls over expenditure processing and segregate each task to the maximum extent possible to ensure that no individual is able to process payments without oversight.</p> <p>To reduce risks to state funds, agencies should have controls over expenditure processing that segregate each accounting task to the greatest extent practicable. Ideally, no individual should be able to process transactions without another person’s involvement.</p> <p>We strongly recommend that the Board implement the following recommendations:</p> <ol style="list-style-type: none"> 1. The Board must limit access at the time it is set up (96A screen) by limiting user access to either enter/change vouchers or release/approve batches. 2. Prevent a user from releasing a batch that the same user entered or altered for the agency –OR– warn the user when the same user attempts to release his or her own entries or changes. See USAS Accounting and Payment Control (FPP B.005). 3. The Board should review the preventive and detective controls over expenditure processing discussed in USAS Accounting and Payment Control (FPP B.005), such as the Risky Document Report (DAFR9840), which identifies documents that the same user entered or altered and then released for processing. 4. The Board must work with Comptroller’s office Statewide Financial Systems Security staff to set up user profiles that separate the entry and approval of payroll transactions in USPS. 5. The Board must limit user access by removing the user from the Agency Authorization for Warrant Pickup list or by removing the ability to release/ approve vouchers in USAS from the user. 6. The Board should enhance its procedures to ensure that the original CTIA form is kept on file as long as the user has access to the statewide accounting systems, plus the five-year retention period. 	<p style="text-align: center;">*In Progress</p>
<p><i>*In Progress: The Board currently has one employee who can process and release payments through USAS, process and release payments in the internal system and USAS, process and release payrolls, pick up warrants from the Comptroller’s office and approve paper vouchers. The Board does have preventive control over expenditure processing, but continued to process documents that were either entered and approved or altered and approved by the same person without another person’s electronic oversight. The Board processed 21 USAS documents and seven USPS documents with payments totaling \$861,920.32. The Board did provide all the CTIA forms and the auditor verified that all forms were signed before accessing the USAS/USPS systems.</i></p>		



Agency 504 – State Board of Dental Examiners

Issue	Recommendation	Implementation Status
Agency Response		
<p><i>The Texas State Board of Dental Examiners (TSBDE) appreciates the Comptroller's audit team and accepts the recommendations.</i></p> <p><i>The TSBDE continues to ensure incoming employees are properly vetted for prior state employment and continue to file all related documentation accordingly. The agency now has a certified purchaser on staff. Lastly, the agency currently has adequate staffing levels in human resources and accounting to address any control weaknesses.</i></p>		



Agency 507 – Texas Board of Nursing

Issue	Recommendation	Implementation Status
Incorrect amounts paid	The Board must properly review and compare the invoices for completeness and accuracy and compare them to the purchase order/contract to ensure that payments do not exceed the amounts authorized in the contract and that contracted services are provided.	Implemented
Purchase order (PO) created after invoice	While a formal purchase agreement is not always required, documentation of the agreement must be prepared at the time the goods or services are ordered from the vendor. Once the Board has made a final approved agreement with the vendor, the Board may not pay any amount in excess of the agreed-upon amount unless the agreement is amended due to the vendor providing a new benefit, i.e., consideration, to the Board.	Not Implemented
Incorrect procurement process: term contracts not utilized	The Board must review the existing term contracts to determine if an item exists on the term contracts before procuring items. The term contracts can be viewed online at Texas Smart Buy . The Board may inquire about registering for training related to this finding through the Purchasing and Contracting Training and Certification website.	Implemented
Incorrect procurement process: bid and evaluation criteria not followed	The Board must obtain bids from qualified vendors for all services exceeding \$5,000. It must ensure that all bids are tabulated, and that documentation related to the procurement process is retained.	Not Implemented
Missing procurement documentation: missing DIR exemption/SPD delegation	<p>The Board must ensure that it contracts for goods or services offered by a Department of Information Resources (DIR) contracted vendor when a DIR contracted vendor is available, or obtain a written exemption from DIR allowing it to use a non-contracted vendor.</p> <p>The Board must contact the Statewide Procurement Division (SPD) of the Comptroller's office whenever it estimates that a contract will exceed \$100,000. If SPD delegates the authority to the Board, the Board must obtain a delegation purchase letter from SPD.</p>	Implemented
Missing procurement documentation: missing Centralized Master Bidders List (CMBL) solicitation documentation	To ensure adherence to the rules and laws that govern Texas' procurement practices, all agencies and institutions of higher education must use the CMBL for all purchases, including services for which competitive bidding or competitive sealed proposals are required. The Board must maintain evidence that the CMBL vendors were contacted and include it in the contract file, as well as the bid tabulation that supports the contracted vendor selection.	Not Implemented



Agency 507 – Texas Board of Nursing

Issue	Recommendation	Implementation Status
Missing procurement documentation: missing Electronic State Business Daily (ESBD) posting documentation	The Board must strengthen its controls to ensure that any contract over \$25,000 is posted for the proper duration. Failure to post a qualifying purchase for the mandatory duration of time could void the entire contract. Supporting documentation for a purchase must be made available in an audit to justify the validity of the payment. The Board must ensure it retains adequate supporting documentation for all expenditures prior to processing the payment.	Not Implemented
Missing procurement documentation: missing System for Award Management (SAM) search documentation	The Board must conduct a SAM search after bid tabulations. Because SAM may update these databases more than once in a 24-hour period, a final check of the Specially Designated Nationals (SDN) listing must be made prior to any contract award to ensure the Board does not award contracts to any person or vendor whose name appears on the SDN list. A copy of the SAM search results from the specified website must be used as evidence of the vendor search being performed by the agency and must be included in the contract file.	Not Implemented
Missing procurement documentation: missing emergency justification letter	The Board must ensure that its emergency purchases are properly justified and that necessary supporting documentation for all emergency purchases is maintained in the purchasing file. <i>*Auditors did not identify any transaction processed by the Board with purchase category code T during the audit period, nor any emergency purchases in the sample.</i>	*Not Tested
Missing payment documentation	Supporting documentation for a purchase document must be made available in an audit to justify the validity of the payment. The Board must ensure that it has adequate supporting documentation for all expenditures prior to processing the payment.	Implemented
Airfare not charged to state contract travel card	The Board must ensure that all its future airfare service is charged to the state-issued travel credit card. Comptroller Response: 34 Texas Administrative Code, Section 20.413(a) states that contract travel services for airfare shall be charged to state travel credit cards and does not provide any provision for discounted lower costs. The Board will be noncompliant if it allows employees to use their own credit card. <i>*In Progress: The Board updated its travel policy to inform travelers that airfare cannot be charged to a personal credit card. However, auditors found that Board employees continue to charge airfare to personal credit cards.</i>	*In Progress



Agency 507 – Texas Board of Nursing

Issue	Recommendation	Implementation Status
Reimbursement of travel for other persons	Each employee or board member may only be reimbursed for his or her own travel expenses. The Board should closely monitor its travel reimbursement requests in order to ensure that its employees and board members only receive reimbursement of allowable travel expenses.	Implemented
Control weakness over expenditure processing	The Board should continue to review the controls over expenditure processing and segregate each task to the extent possible to ensure that no individual is able to process payments without oversight. We recommend that the Board change its current warning-preventive control to a fatal-preventive control in order to completely disallow the release of a document that the same individual entered or altered. See USAS Accounting and Payment Control (FPP B.005) about reducing risks to state funds.	Not Implemented
Employee retained ability to expend funds after termination	<p>The Board must enhance its controls to ensure compliance with the preceding requirements.</p> <p>The Board must also ensure that the person responsible for sending these notifications to the Comptroller's office is aware of the designated employee's termination on or before the termination becomes effective and follows up with the Comptroller's office to ensure that the notification was received and the revocation occurred.</p>	*Not Tested

**The Board did not have any employees who terminated during the audit period.*

Agency Response

Following the completion of the follow-up audit, the contract attorney has been involved with all purchases involving bids and contracts. The contract attorney works closely with purchasing staff to follow the Texas Procurement and Contract Management Guide directives and maintain internal documentation. In fiscal year 2020, the agency created a Finance and Accounting Manual, which details the agency procedures for purchasing and contracts. This manual will guide and assist staff in following the recommendations provided in this follow-up audit.



Agency 533 – Executive Council of Physical and Occupational Therapy Examiners

Issue	Recommendation	Implementation Status
Missing prior state service verification	Auditors recommend the Council continue to research and verify prior state service time for its employees. In addition, the Council should ensure all prior state service verifications are properly documented, accurate and maintained in the personnel files.	Implemented
Missing personnel action forms (PAF)	Auditors recommend the Council review its human resources files and re-create any missing documentation to support all personnel actions for its employees. The Council must ensure that all PAFs are signed, dated and retained in the employees' human resources files.	*In Progress
	<i>*In Progress: Auditors identified one instance where a PAF was not on file for a termed employee.</i>	
Excessive employee award and purchase order (PO) overpayment	The Council must ensure that its employee awards do not exceed \$100 for an individual employee. The Council must properly review and compare the invoices to the contract to ensure payments do not exceed the amounts authorized in the contract and any amendments to the original contract are documented.	*In Progress
	<i>*In Progress: The Council provided evidence of its purchasing policy updates and training certificate for training attended by purchasing personnel. While no employee awards exceeding \$100 for an individual employee were identified, auditors identified two transactions for service awards purchased for board members. Board/council members are officers, not state employees, and are therefore not eligible to receive awards.</i>	
Missing documentation	The Council must enhance its process to ensure that it abides by the procurement procedures stipulated in the State of Texas Procurement and Contract Management Guide. The Council must ensure that it has the appropriate documentation trail for all expenditures. Detailed good/service product, pricing and receiving information must be documented and retained so it can be used to verify proper billing and justification of payment.	Implemented



Agency 533 – Executive Council of Physical and Occupational Therapy Examiners

Issue	Recommendation	Implementation Status
Missing Department of Information Resources (DIR)	The Council must follow the procedures outlined in the State of Texas Procurement and Contract Management Guide for Information Technology (IT) goods or services. The Council must obtain an exemption request authorization from DIR and make it part of its pertinent procurement documentation file every time it buys IT goods or services from a source other than DIR cooperative contracts.	*In Progress
	<i>*In Progress: The Council provided evidence of its purchasing policy updates and training certificates for training attended by purchasing personnel. However, auditors found three out of four purchases where the Council did not obtain DIR exemption authorizations before it bought IT goods or services from a source other than DIR cooperative contracts.</i>	
Purchase order (PO) created after invoice	While a formal PO is not always required, documentation of the agreement must be prepared at the time the goods or services are ordered from the vendor. The PO needs to include the terms, conditions and specifications with which the vendor must comply in fulfilling its obligations to the agency, as well as any vendor exceptions that have been accepted. The PO number must be referenced on all bills of lading, packing slips, back orders, invoices and other transaction documents.	Implemented
Term contract not used	The Council must determine if an item exists on an existing Statewide Procurement Division (SPD) term contract before procuring the item. The term contracts can be viewed online at TxSmartBuy. The Council may inquire about registering for training related to this finding through SPD's Training and Policy Development Program website.	*In Progress
	<i>*In Progress: The Council provided evidence of its purchasing policy updates and training certificates for training attended by purchasing personnel. However, auditors found that in two out of six instances, the Council procured items that were not on term contract, although the items procured existed on an SPD term contract.</i>	
Excessive travel reimbursement	The Council should increase training for the individuals who review travel vouchers to ensure that only eligible expenses are reimbursed. The Council should seek a reimbursement from the employee unless it determines it is not cost effective to do so.	*In Progress
	<i>*In Progress: The Council provided evidence of training certificates for training attended by Council personnel. However, auditors found three instances in which the Council processed travel reimbursements incorrectly.</i>	



Agency 533 – Executive Council of Physical and Occupational Therapy Examiners

Issue	Recommendation	Implementation Status
Lack of conservation of state funds	<p>The Council must exercise caution in its use of state funds and ensure that those expenditures are fiscally responsible. The Council should develop procedures for travelers to complete a cost comparison analysis before each trip showing the cost of using a rental car versus that of using a personal vehicle to ensure the most cost-effective alternative is used.</p> <p><i>*In Progress: While the Council provided evidence of its updated travel policy and the training attended by staff, auditors found the Council is not requiring travelers to complete cost-comparison analyses before each trip to ensure they use the most cost-effective alternative.</i></p>	*In Progress
Missing documentation	<p>A state agency must maintain supporting documentation specifically required by state travel rules and guidance, as well as any other documentation that is reasonably necessary to prove the legality and fiscal responsibility of the agency’s travel reimbursements. For a state employee to be reimbursed for a travel expense, the employee must provide specific facts and figures.</p> <p>The Council must obtain proper documentation for travel expenses prior to processing payment.</p>	Implemented
Reimbursement of unallowable expense	<p>The Council should increase training for the individuals who review travel vouchers to ensure that all travel expense claims are accurately reviewed for legality and accuracy prior to payment. The Council should seek a reimbursement from the council member unless it determines it is not cost effective to do so.</p>	Implemented
Missing direct deposit authorization forms	<p>The Council must ensure that all payees who request direct deposit payments submit a completed, signed direct deposit authorization form with the international payment verification question answered. A direct deposit authorization form should not be processed if the proper form is not submitted, if the international payment verification section is left blank or if the form is unsigned.</p>	Implemented



Agency 533 – Executive Council of Physical and Occupational Therapy Examiners

Issue	Recommendation	Implementation Status
<p>Employees retained ability and security to expend funds after termination/ authority expired</p>	<p>The Council must enhance its controls to ensure compliance with the 34 Texas Administrative Code Section 5.61 requirements. The Council must also ensure the person responsible for notifying the Comptroller's office of the designated employee's termination does so on or before the effective termination date and follows through with the Comptroller's office to ensure the notification was received and the revocation occurred.</p>	<p>*In Progress</p>
	<p><i>*In Progress: The Council provided evidence of training attended by staff; however, it did not notify the Comptroller's office of one employee's termination. The employee remained on the voucher signature card for 52 days after termination.</i></p>	
<p>Inappropriate use of terminated employee's mainframe user account</p>	<p>The Council must enhance its controls to ensure compliance with the 34 Texas Administrative Code Section 5.61 requirements. The Council must also ensure the person responsible for notifying the Comptroller's office of the designated employee's termination does so on or before the effective termination date and follows through with the Comptroller's office to ensure the notification was received and the revocation occurred.</p>	<p>*In Progress</p>
	<p><i>*In Progress: Although the Council provided evidence of training attended by staff, it did not provide evidence of established security procedures.</i></p>	
<p>Control weakness over expenditure processing/ Confidential Treatment of Information Acknowledgement (CTIA) form missing</p>	<p>The Council should review the controls over expenditure processing and segregate each task to the maximum extent possible to ensure that no individual is able to process payments without oversight.</p> <p>The Council must implement the following recommendations:</p> <ul style="list-style-type: none"> • The Council must limit user access by removing the user from the Agency Authorization for Warrant Pickup list or by removing the user from the agency's signature card and with it the ability to approve/release paper and electronic vouchers. • The Council must limit access at the time it is set up (96A screen) by limiting user access to either enter/change vouchers or release/approve batches. • Additionally, the Council should elect to have the document tracking control edit on the Agency Profile (D02) set to either prevent a user from releasing a batch that the same user entered or altered for the agency –OR– warn the user when the same user attempts to release his or her own entries or changes. See <i>USAS Accounting and Payment Control (FPP B.005)</i>. 	<p>*In Progress</p>



Agency 533 – Executive Council of Physical and Occupational Therapy Examiners

Issue	Recommendation	Implementation Status
<p>Control weakness over expenditure processing/ Confidential Treatment of Information Acknowledgement (CTIA) form missing (CONTINUED)</p>	<ul style="list-style-type: none"> • The Council should review the preventive and detective controls over expenditure processing discussed in FPP B.005, such as the Risky Document Report (DAFR9840), which identifies documents that the same user entered or altered and then released for processing. • The Council must limit the access of users who can enter/change vouchers or release/approve batches in USAS to view-only access in TINS (PTINS02). An individual must not be able to create a vendor or change a vendor profile, create a payment and approve the payment. • The Council must work with Comptroller’s office Statewide Fiscal Systems security staff to set up user profiles that separate the entry and approval of payroll transactions in the Uniform Statewide Payroll/Personnel System (USPS). • The Council should enhance its procedures to ensure that the original CTIA form is kept on file as long as the user has access to the statewide accounting systems, plus the five-year retention period. <p><i>*In Progress: Auditors found the Council has five employees who can process expenditures across multiple systems without oversight. Additionally, there were 12 payment documents processed through USAS during the audit period because of the action of only one person. The Council did not identify any mitigating controls in place to reduce associated risks. Additionally, while the Council converted to the Centralized Accounting and Payroll/Personnel System (CAPPs), it must still ensure that user access to systems no longer used is properly removed or modified. The Council provided evidence of completed and signed CTIA forms.</i></p>	<p>*In Progress</p>

Agency Response

The Executive Council of Physical Therapy and Occupational Therapy Examiners have no additional question or concerns in response to the follow up audit.

The Executive Council of Physical Therapy and Occupational Therapy Examiners do not dispute the audit findings and will use the audit findings as a guide to further improve our policies and procedures.



Agency 724 – University of Texas at El Paso

Issue	Recommendation	Implementation Status
Non-compliance with HRIS reporting requirements	The University must ensure that all payroll and personnel transactions are reported to the Human Resource Information System (HRIS) in a timely matter. Personnel transactions are timely when they are successfully reported to HRIS on or before the seventh day of the month following the effective date. Payroll transactions are timely when they are reported and posted by the seventh day of the month following the payment date.	Implemented
Duplicate payments	The accounting staff should ensure that invoices and payments are reconciled to prevent duplicate payments. The University should seek reimbursement for the excessive amounts unless it determines it is not cost effective to do so. The University must reimburse the state's treasury for the excessive amount.	Implemented
Contract approved after services performed	The University must ensure that its procedures are followed. While a formal contract or PO is not required, the University must ensure that documentation of the purchase agreement is prepared at the time the University orders the goods or services.	Implemented
Missing purchase order	The University must ensure that documentation of the agreement is prepared at the time the goods or services are ordered from the vendor. Once the University has made a final approved agreement with the vendor, the University may not pay any amount in excess of the agreed-upon amount unless the agreement is amended due to the vendor providing a new benefit, i.e., consideration, to the University.	Implemented
Payment in excess of PO amount	The University must properly review and compare the invoices to the contract to ensure that the payments do not exceed the amounts authorized in the contract and document any amendments to the original contract.	Implemented
Missing statutory authority for travel expense	The University should enhance its review process for all travel vouchers submitted into USAS for reimbursement to ensure that only expenditures that comply with state laws and rules are included in the entries. The University must ensure that in the future it does not reimburse employees for lodging and taxes beyond those of the traveling employees. The University must research any future travel expenses to ensure that proper statutory authority exists before expending funds for travel.	Implemented



Agency 724 – University of Texas at El Paso

Issue	Recommendation	Implementation Status
Incorrect amount for telephone stipend	The University must ensure that all requests for reimbursements are properly reviewed for validity and accuracy and to ensure it is in compliance with all applicable regulations and limitations. The University should seek reimbursement from the employee unless it determines it is not cost effective to do so.	Implemented
Lack of conservation of state funds	The University must exercise caution in its use of state funds and ensure that those expenditures are fiscally responsible. The University must create policies and procedures that require employees to prepare a cost comparison, prior to travel, between the cost of a rental car and the mileage reimbursement for a personal vehicle, to select the most cost-efficient option.	Implemented
Incorrect amount for lodging and taxes	We recommend the University continue to review all vouchers submitted into USAS for reimbursement to ensure that only expenditures that comply with state laws and rules are included. The University should seek reimbursement from the employees reimbursed excessive amounts for lodging and taxes unless it determines it is not cost effective to do so.	Implemented
Incorrect amount for travel agency fee	The University should caution its employees and approval staff to verify all totals that are submitted manually. The University should seek reimbursement from the travel agency for the fees that were overcharged unless it determines it is not cost effective to do so.	Implemented
Gratuity not reimbursable	The University must ensure that all travel expense claims are thoroughly reviewed for legality and accuracy prior to payment. The University must obtain a reimbursement from the traveling employee unless it determines it is not cost effective to do so.	Implemented
Employees retained ability to expend funds after termination	<p>The University must enhance its controls to ensure compliance with the preceding requirements. The University must also ensure that the person responsible for sending these notifications to the Comptroller's office is aware of the designated employee's termination on or before the date termination becomes effective and will follow up with the Comptroller's office to ensure that the notification was received and the revocation occurred.</p> <p><i>*There were no terminations to assess during the audit period.</i></p>	*Not Tested



Agency 724 – University of Texas at El Paso

Issue	Recommendation	Implementation Status
Agency Response		
<i>The University of Texas at El Paso have no additional questions and/or concerns in response to the follow up audit conducted. There were no audit issues identified during the audit and the University of Texas at El Paso is in agreement with the audit results.</i>		