



A Follow-Up Audit of **Sul Ross State University**

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Executive Summary

Purpose and Scope





In June 2023, the Texas Comptroller of Public Accounts (Comptroller's office) completed a follow-up audit of Sul Ross State University (University) to check the status of the open recommendations the Comptroller's office made in the most recent post-payment audit.

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

The objectives of this follow-up audit were to determine whether the purchase/procurement, travel, payment card, petty cash and travel advance account, security, and internal control structure recommendations made in the post-payment audit (audit report number 756-15-01) issued March 4, 2015, were implemented and to determine whether the expenditures since December 2021 have complied with applicable state laws and rules concerning expenditures and with processing requirements of the Uniform Statewide Accounting System (USAS).

Background

The auditors consider recommendations:

-  **Implemented** when the agency staff has 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 the recommendation and intend to fully implement it.
-  **Not Implemented** when evidence does not show meaningful movement toward implementation, when no evidence of implementation has been provided, when implementation has started but is expected to take more time, so there has been no measurable progress yet, or when a new recommendation was issued within the last three months.
-  **Not Tested** when an agency did not process any transactions of the type that is tested during the audit period.

The audit methodology included reviewing the University'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 the University, and met with University staff.



Audit Results

The University stated that it continues to work on the outstanding recommendations.

Of the nine recommendations selected for review:

- One recommendation was implemented.
- Five recommendations are in progress.
- One recommendation was not implemented.
- Two recommendations were not tested.



Detailed Information

Purchase/Procurement

Auditors developed a sample of 15 purchase transactions totaling \$1,045,190.56 to ensure the University complied with the General Appropriations Act (GAA), [eXpendit \(FPP I.005\)](#) and pertinent statutes. Below is a list of previous purchase findings and the follow-up audit results.

March 2015 Audit Findings	March 2015 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Missing Documentation	The University must ensure it creates and maintains supporting documentation so that no payment is made without sufficient supporting documentation. The University must be able to provide that documentation during an audit review. If the University believes the amount was reimbursed in error, it must reimburse the state treasury for the amount reimbursed in error.	All accounts payable vouchers will be reviewed for the proper documentation, purchase order, invoice and contract before payment is approved. Copies of all documentation will be retained and attached to the USAS state reimbursement voucher. The University is certain that the payment made is accurate according to lease contract and reimbursement to the state treasury is not necessary.	Three purchase transactions did not contain verification of services/goods received. Additionally, one of the three purchase transactions did not contain an invoice.	In Progress
Purchase Order Created After Invoice Received	The University must ensure its procedures are followed. While a formal purchase order 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.	Invoices will be carefully reviewed. If no purchase order is in place at the time of the invoice, a noncompliant purchase form will be issued. The invoice will not be paid without a purchase order or a signed contract unless there is an approved noncompliance form. The noncompliant form will be reviewed by the account manager and the VP in their reporting line. If the noncompliant purchase is approved, the completed form will be sent to accounting services for processing.	The University created one purchase order after the invoice was received.	In Progress
Prompt Payment and Payment Scheduling Errors	The University must review its procedures to ensure it submits payment information for processing, as well as releasing the payment in a timely manner to avoid incurring interest liabilities.	The University is reviewing and amending its procedures to ensure it submits payment information for processing and ensure payments are released on time.	The University no longer processes payments to vendors directly out of USAS.	Not Tested



March 2015 Audit Findings	March 2015 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Prompt Payment and Payment Scheduling Errors (CONTINUED)	In addition, the University must verify staff enter the proper due dates to ensure any due interest is paid correctly to the vendors. To minimize the loss of earned interest to the state treasury, the University must schedule all payments greater than \$5,000 for the latest possible distribution and in accordance with its purchasing agreements as described in Prompt Payment and Payment Scheduling in expendit.			Not Tested

University Response

The University agrees with the implementation status and has outsourced purchasing but has realized it still needs a position on campus to work with its staff and Sam Houston State University to ensure policy is followed. The position will post by the end of July 2023.

Travel

Auditors developed a sample of 10 travel transactions totaling \$8,959.51 to ensure the University complied with the GAA, [Textravel \(FPP G.005\)](#) and relevant statutes. Below is a list of previous travel findings and the follow-up audit results.

March 2015 Audit Findings	March 2015 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Meals and Lodging Not Payable	Auditors recommend the University enhance its review process of all travel vouchers submitted in 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 its employees for meals that exceed the maximum rate for the employee's duty point. If cost effective, the University should seek a refund of overpayment.	We will enhance our review process of all travel vouchers submitted in USAS to ensure compliance with state rules. The University will not seek a refund of the overpayment. It is not cost effective to obtain.	One travel transaction did not contain a lodging receipt to validate the maximum lodging rate was not exceeded.	In Progress



March 2015 Audit Findings	March 2015 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
<p>Lack of Conservation of State Funds</p>	<p>The University must exercise caution in its use of state funds and ensure those expenditures are fiscally responsible.</p> <p>The University must obtain a reimbursement from the traveling employee, unless it determines it is not cost effective to do so. If reimbursement is obtained from the employee, the University must reimburse the state treasury for the excessive amount.</p>	<p>All travel applications and vouchers will be reviewed thoroughly. Employees with the same travel dates and destinations will be examined to ensure travel arrangements are coordinated and costs minimized. The University will not seek a refund from the employee. The payment was valid, since it was determined that though the employees had similar itineraries, they in fact after leaving the airport had different travel plans and were not reporting back to the duty point at the same time.</p>	<p>The transportation expenses reviewed reflected proper travel coordination occurred.</p>	<p>Implemented</p>
<p>Improper Payment of Hotel Taxes</p>	<p>Auditors recommend the University take steps to adequately review all vouchers submitted in USAS for reimbursement to ensure that only expenditures that comply with state laws and rules are included in the entries.</p> <p>The University should seek reimbursement for the excessive amounts, unless it determines it is not cost effective to do so.</p>	<p>All travel vouchers will be reviewed thoroughly before submitted into USAS for reimbursement.</p> <p>The University will not seek a refund of the overpayment. It is not cost effective to obtain.</p>	<p>The lodging expenses reviewed were not travel reimbursements to employees but direct payments to Citibank.</p>	<p>Not Tested</p>
<p>University Response</p>				
<p><i>The University agrees with the implementation status and is hiring a dedicated travel person and implementing new software to better follow policy. The position will post by end of July 2023.</i></p>				



Payment Card/Petty Cash/Travel Advance

Auditors developed a sample of five payment card transactions totaling \$4,134.87 and two months of petty cash and travel advance reconciliations to ensure the University complied with warrant hold statutes. Below is the previous payment card, petty cash and travel advance finding and the follow-up audit results.

March 2015 Audit Findings	March 2015 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Violation of Warrant Hold Statutes	The University must develop procedures to verify warrant hold status before making payments from a travel advance, a payment card purchase of more than \$500 and a petty cash account.	Purchasing is currently working with Office of Information Technology (OIT) to develop a program/process to run the state's Vendor Hold file against the University's vendor list to keep track of vendors that are on hold.	The University did not implement a procedure to check warrant hold status for travel advances, petty cash reimbursements, and payment card transactions.	Not Implemented
University Response				
<i>The University agrees with the implementation status. The new Purchasing position at the University will check the warrant hold status.</i>				

Internal Control Structure

Auditors reviewed certain limitations the University placed on its accounting staff's ability to process expenditures. Auditors reviewed the University's security in USAS, the Texas Identification Number System (TINS) and voucher signature cards that were in effect on April 14, 2023. Below is a list of previous internal control structure findings and the follow-up audit results.

March 2015 Audit Findings	March 2015 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Control Weakness Over Expenditure Processing	The University should 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.	An agency Authorization for Warrant Pickup form was submitted to the state Comptroller on Jan. 8, 2015. A TSUS employee that does not have expenditure processing authority is our representative to pick up warrants. The three SRSU employees previously approved have been removed.	One employee had multiple security weaknesses at the time of the follow-up review.	In Progress
University Response				
<i>The University agrees with the implementation status, has a solution and is in the process of correcting the issue. The University has hired a Controller that has been provided the approval access and will be providing training by the end of July 2023. As the University hires additional staff, the separation of security access will be better defined.</i>				



Security

The audit included a security review to identify University employees with security in USAS or on the voucher signature cards who were no longer employed or whose security had been revoked. Upon termination or revocation, certain deadlines must be met so that security can be revoked in a timely manner. Below is a list of previous security findings and the follow-up audit results.

March 2015 Audit Findings	March 2015 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Employee Retained Security to Expend Funds After Authority Expired	The University must ensure the person responsible for sending these security access requests to the Comptroller's office is aware of the designated employee's termination or revocation on or before the date the termination or revocation becomes effective. The University must also follow through with the Comptroller's office to ensure receipt of the request and removal of the employee's security.	A security request # C205631 was submitted removing all USAS access for Corina Ramirez. Confirmation was received on Sept. 29, 2014.	For an expanded testing period between March 2015 – November 2021, the University failed to submit a timely request to the Comptroller's office to remove system access for one other terminated employee who had been designated to approve expenditures.	In Progress
University Response				
<i>The University agrees with the implementation status. The findings are from 2019 and 2020. We are currently handling security appropriately.</i>				



Appendix

Objectives, Scope, Methodology, Authority and Team

Audit Objectives

The objectives of this follow-up audit were to determine whether the recommendations made in the post-payment audit (audit report number 756-15-01) issued March 4, 2015, were implemented.

Audit Scope

Auditors selected transaction samples of Sul Ross State University (University) covering the open recommendations the Comptroller's office made in the most recent post- payment audit.

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 follow-up audit and verify that the University has designed and implemented controls to address issues noted in the previous audit.

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

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