



A Follow-Up Audit of the Texas Commission on Fire Protection

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Executive Summary

Purpose and Scope

In May 2023, the Texas Comptroller of Public Accounts (Comptroller's office) completed a follow-up audit of the Texas Commission on Fire Protection (Commission) 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 Commission 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 payroll, purchase/payment cards, grants, system access and payment processing made in the post-payment audit (audit report number 411-20-01) issued Sept. 13, 2021, 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) and the Uniform Statewide Payroll/Personnel System (USPS).

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 Commission'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 Commission, and met with agency staff.



Audit Results

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

Of the 13 recommendations selected for review:

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



Detailed Information

Payroll

Auditors developed a sample of five payroll transactions totaling \$18,310 to ensure the Commission complied with the General Appropriations Act (GAA), [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and relevant statutes. Below is a list of the previous payroll findings and the follow-up audit results.

September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Incorrect state effective service date/Incorrect longevity payment	<p>The Commission must review its controls and personnel records to ensure accuracy and completeness. 34 Texas Administrative Code Section 5.40(c)(2) states each state agency must ensure its internal operating procedures include quality control measures that will detect and prevent any incorrect compensation to an employee.</p> <p>The Commission must ensure it follows its internal policies, verifies previous state employment when it is listed on an application or other applicable form, and enters the prior employment in USPS. Additionally, the Commission should consider enhancing its procedures to include the State of Texas Employment History Application during the new hire process to ensure employees receive state service credit for eligible periods of state employment.</p>	The agency has completed the resolution on this issue. Procedures were reviewed to ensure compliance.	Auditors found that the Commission failed to obtain a prior state service verification for one employee, which resulted in an incorrect effective service date. The employee is not entitled to longevity yet.	In Progress
Commission Response				
<i>Agency agrees. Our current procedures will prevent such issues in the future.</i>				



Purchase/Payment Cards

Auditors developed a sample of 12 purchase transactions totaling \$19,524.26 and five payment card transactions totaling \$4,457.30 to ensure the Commission complied with the GAA, [eXpendit \(FPP I.005\)](#) and relevant statutes. Below is a list of previous purchase and payment card findings and the follow-up audit results.

September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Annual procurement plans not submitted	The Commission must ensure staff updates the procurement plan and submits it to the Comptroller's office annually by November 30 using the template provided on the Comptroller's office website.	The agency will submit the annual procurement plan prior to the deadline for this current calendar year. Procedures have been updated to reflect this requirement for future years.	Auditors found that the Commission did not submit the annual procurement plans for fiscal 2021 and fiscal 2022. The Commission did not update its policies and procedures to add the annual procurement plan submission requirement.	Not Implemented
Incorrect procurement method used	The Commission must ensure staff uses the correct purchasing method as outlined in the State of Texas Procurement and Contract Management Guide . If TCI or WorkQuest offers a product or service, but the Commission has justification to source from a different vendor, staff must obtain appropriate waivers or document the exceptions before purchase and must document that in the procurement file. In addition, the Commission must ensure its policies and training materials include instructions for using the correct purchasing method and maintaining necessary supporting documentation.	The agency reviewed procedures to ensure correct procurement methods will continue to be utilized as outlined in the contract guide.	Auditors found that one purchase transaction did not contain documentation on why TCI or WorkQuest was not selected.	In Progress



September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
<p>Missing receiving documentation</p>	<p>The Commission must ensure staff does not make payments for goods or services without adequate supporting documentation to justify and validate each purchase. An employee independent from the purchasing process should confirm that goods and services were received as expected and should retain the confirmation in agency records.</p> <p>The Commission must also ensure its policies and training materials include instructions on performing and documenting the confirmation of goods and services received, maintaining necessary supporting documentation, and meeting the minimum requirements and expectations for the purchasing and payment review/approval process.</p>	<p>The agency reviewed procedures to comply with this requirement.</p>	<p>Auditors found that one purchase transaction did not contain verification of services received.</p>	<p>In Progress</p>
<p>Missing documentation of warrant hold check</p>	<p>The Commission must check the vendor's warrant hold status before making any payment card purchase over \$500 and must retain the results of the check in the payment card file as evidence.</p>	<p>Procedures on warrant hold checks were expanded to include documentation.</p>	<p>Auditors found that four payment card documents did not contain documentation that the warrant hold check was conducted prior to the purchase.</p>	<p>Not Implemented</p>
<p>Missing proprietary purchase justification</p>	<p>The Commission must ensure staff completes and retains a proprietary purchase justification when a purchase of goods or services specifies only one manufacturer, product or provider. In addition, the Commission must ensure its policies and training materials include instructions for completing the proprietary purchase justification.</p>	<p>The agency has reviewed procedures to ensure compliance with this recommendation.</p>	<p>The Commission did not have any proprietary purchases to test during the audit period.</p>	<p>Not Tested</p>



September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
<p>Untimely purchase order (PO) and missing detailed scope of work, terms and conditions</p>	<p>The Commission must ensure that staff finalizes a PO and provides it to the vendor before ordering goods or allowing the vendor to perform services. The PO must include a detailed scope of work and the terms and conditions of the purchase for the vendor to fulfill its obligations, as well as any exceptions that have been accepted.</p> <p>When payments to a vendor are for direct and indirect costs actually incurred (the cost reimbursement methodology), additional specifications such as per diem rates, expense limits, and requirements for using the most cost-effective options and maintaining supporting documentation should be included in the PO to provide guidance and expectations for acceptable expenses. Staff should include accurate estimates of all travel expenses related to the services purchased in the PO.</p>	<p>The agency has reviewed procedures to ensure compliance with this recommendation.</p>	<p>Auditors found that all POs were processed in a timely manner. However, four purchase transactions did not contain the detailed scope of work, terms and conditions.</p>	<p>In Progress</p>
<p>Commission Response</p>				
<p><i>The agency agrees. Due to an oversight by the previous finance manager, the agency failed to submit annual procurement plans for 2021 and 2022. The agency has current policies and procedures in place to prevent future oversights. The agency will add more details for each PO. The agency will also conduct warrant hold checks prior to completing the purchase and will also include proper documentation for methods of procurement and receiving documentation.</i></p>				



Grants

Auditors developed a sample of five grant transactions totaling \$13,412.48 to ensure the Commission complied with the GAA, state laws and regulations pertaining to grants. Below is a list of previous grant findings and the follow-up audit results.

September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
<p>Missing grant agreement and published purpose</p>	<p>To ensure funds are used to provide emergency relief and college scholarships to professional firefighters and their dependents, the Commission must maintain sufficient controls over the grant funds by:</p> <ul style="list-style-type: none"> • Creating a formal grant agreement with the receiving organization to document the assignment, expectations, and any terms and conditions related to the grant funds. • Considering implementation of procedures to monitor the receiving organization's compliance with the grant agreement. <p>The Commission must also publish the purpose of the grant on its public website and provide the website link to the Comptroller's office.</p>	<p>The agency is in discussion with the firefighters scholarship fund and a memorandum of understanding (MOU) between the organizations will be completed prior to the end of the calendar year. The MOU will address the issues noted.</p>	<p>The Commission did not provide or publish on its website a grant agreement or an MOU between the Commission and the firefighters scholarship fund. The MOU was not developed until after audit fieldwork began. The Commission published the grant information on its website during fieldwork.</p>	<p>Not Implemented</p>
<p>Commission Response</p>				
<p><i>Agency agrees. The agency is working with the association that receives the funds from the professional firefighter license plates that is funneled to our agency from another state agency. Those funds are managed by the receiving association for the purpose of emergency relief and scholarships for professional firefighters and their dependents.</i></p>				



Targeted Analysis

Auditors reviewed the Commission's procedure to comply with the federal mandate to properly identify and handle payments involving the international movement of funds. Below is the previous Direct Deposit Authorization form finding and the follow-up audit result.

September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Incomplete Direct Deposit Authorization forms	The Commission must ensure all payees requesting direct deposit payments submit a completed, signed Direct Deposit Authorization form with the international payment verification question answered. The Commission should process a Direct Deposit Authorization form only if it is the proper, signed form with a completed international payment verification section.	The agency has reviewed procedures to ensure compliance with this recommendation.	Auditors found that the international verification question was answered for the five Direct Deposit Authorization forms reviewed.	Implemented
Commission Response				
<i>Agency agrees.</i>				



System Access and Payment Processing

Auditors reviewed certain limitations the Commission placed on its accounting staff's ability to process expenditures. Auditors reviewed the Commission's security in USAS, USPS, Texas Identification Number System (TINS) and voucher signature cards that were in effect on April 6, 2023. Below are the previous findings for internal control structure, system security, missing Confidential Treatment of Information Acknowledgement (CTIA) forms and the follow-up audit results.

September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
Failure to notify Comptroller to remove employee from signature card	The Commission must ensure compliance with security revocation requirements for terminated employees. It must also ensure the person responsible for sending the revocation notifications to the Comptroller's office is aware of terminations on or before the termination date and follows up with the Comptroller's office to ensure receipt of the notification and confirm the revocation occurred.	The agency has reviewed established procedures to ensure compliance with this recommendation.	Auditors found that the Commission failed to notify the Comptroller's office to remove one out of two terminated employees from the signature card.	In Progress
Failure to request security access removal	The Commission must ensure compliance with the security revocation requirements for terminated employees. It must also ensure the person responsible for sending the termination notifications to the Comptroller's office is aware of the employee's termination date and follows up with the Comptroller's office to ensure receipt of the notification and confirm the revocation occurred.	The agency has reviewed established procedures to ensure compliance with this recommendation.	Auditors noted that the Commission submitted the required documentation to remove the terminated employee's security access as required.	Implemented
Missing Confidential Treatment of Information Acknowledgment (CTIA) form	The Commission should enhance its procedures to ensure no user gains access to any of the statewide financial systems before completing a CTIA form.	The agency has reviewed established procedures to ensure compliance with this recommendation.	Auditors found that the Commission provided the CTIA forms for two employees. However, one of the forms was signed after the employee connected to Comptroller's office system.	In Progress



September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
<p>Control weaknesses over expenditure processing</p>	<p>The Commission should review the controls over expenditure processing and segregate each task to the maximum extent possible to ensure no individual is able to process payments without oversight. Auditors strongly recommend the Commission:</p> <ul style="list-style-type: none"> • Elect to have the document tracking control edit on the USAS Agency Profile (D02) set to either prevent a user who enters or alters a batch from releasing that same batch, or to warn a user who attempts to release his or her own entries or charges. Additionally, the Commission 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 the same user entered or altered, then released for processing. • 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 USAS/USPS. • Limit the access of users who can set up a user profile, process/release payroll and change employee direct deposit information in USPS. An individual must not be able to hire or change employee payment instructions and process/release (approve) payroll for the same employee. 	<p>The agency is aware of these risks. The agency is limited by the size of staff and mitigates the risk through direct oversight by management and existing staff. For guaranteed continuation of services to the stakeholders, the agency has multiple users who are able to complete authorizations and approvals if staff were to be diminished in any form. The agency acknowledges these inherent risks of small organizations and has incorporated established reconciliation and review procedures which mitigate the risk to acceptable levels.</p>	<p>Auditors found that one employee had multiple security weaknesses related to USAS, USPS, TINS, and signature cards at the time of the follow-up review.</p>	<p>Not Implemented</p>



September 2021 Audit Findings	September 2021 Audit Recommendations	Reported Implementation/Actions Taken	May 2023 Testing	Implementation Status
<p>Control weaknesses over expenditure processing (CONTINUED)</p>	<ul style="list-style-type: none"> • Limit the access of users who can enter/change or release/approve a voucher in USAS to view only access in TINS (PTINS02). An individual should not be able to create or approve a payment and create or change a vendor profile/direct deposit information. • Limit user access by removing the user from the signature card or by removing the user from the Authorization for Warrant Pickup list. • Limit the access of users who can approve paper vouchers (by being on the signature card) to view-only access in TINS (PTINS02). An individual must not be able to change vendor/employee profile/direct deposit information and approve a payment. • Ensure that employees who can process a payment voucher in USAS/create a paper voucher (by being on the signature card) do not have the ability to change the warrant hold status of a vendor in TINS. 			<p>Not Implemented</p>

Commission Response

The agency agrees. There was an oversight where the previous finance manager failed to revoke authorization on the signature card. This was corrected as soon as current management was made aware of the situation. The agency has current policies and procedures in place to prevent future oversights for the signature cards and CTIA forms. Due to the size of the agency, there is going to be an inherent risk over controls over expenditure processing. The agency is working to maximize both separation of duties and business continuity with limited staff and review control structures as suggested in the findings.



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 411-20-01) issued Sept. 13, 2021, were implemented.

Audit Scope

Auditors selected transaction samples of the Texas Commission on Fire Protection (Commission) 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 Commission 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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