



# A Follow-Up Audit of the Texas Legislative Council

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# Executive Summary

## Purpose and Scope

In August 2023, the Texas Comptroller of Public Accounts (Comptroller's office) completed a follow-up audit of the Texas Legislative Council (Council) to check the status of the open recommendations the Comptroller's office made in the most recent post-payment audit report.





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

The objectives of this follow-up audit were to determine whether the four payroll, travel and expenditure processing recommendations made in the post-payment audit (audit report number 103-16-01) issued Nov. 21, 2016, were implemented and to determine whether the expenditures since December 2016 have complied with applicable state laws and rules concerning expenditures and with processing requirements of the Uniform Statewide Accounting System (USAS), the Centralized Accounting and Payroll/Personnel System (CAPPS) and the Standardized Payroll/Personnel Reporting System (SPRS).

Auditors observed a few new items related to travel and longevity, and provided details about these items to Council management in a separate communication. The Council is responsible for designing and implementing internal controls to address the new items, as well as correcting any overpayments or underpayments.

## 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 Council'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 Council, and met with agency staff.

## **Audit Results**

All four recommendations were implemented.





# Detailed Information

## Payroll

Auditors developed a sample of payroll/longevity transactions related to 11 new hires during the audit period to ensure the Council 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.

November 2016 Audit Findings	November 2016 Audit Recommendations	Reported Implementation/Actions Taken as of November 2016	July 2023 Testing	Implementation Status
Missing prior state service form/longevity payment amounts incorrect	The Council must ensure that all prior state service is properly verified and documented for its employees. The Council must ensure that its internal operating procedures include quality control measures that will identify all prior state service indicated by a state employee. The Council must promptly correct the underpayments through a supplemental payroll. See <a href="#">34 Texas Administrative Code Section 5.40(c)</a> .	The Council has added additional quality control measures that will help identify all prior state service indicated by a state employee. The Council promptly corrected the underpayments.	Testing showed no recurring missing prior state service forms or incorrect longevity payment amounts.	Implemented
<b>Council Response</b>				
<i>The Council agrees with the implementation status.</i>				



## Travel

Auditors selected a sample of 10 travel transactions totaling \$14,775.58 to ensure the Council complied with the GAA, [Textravel \(FPP G.005\)](#) and relevant statutes. Below are previous travel findings and the follow-up audit result.

November 2016 Audit Findings	November 2016 Audit Recommendations	Reported Implementation/Actions Taken as of November 2016	July 2023 Testing	Implementation Status
Advance payment made improperly	The Council should ensure that all requests for reimbursements are properly reviewed for validity and accuracy and to ensure they are in compliance with all applicable regulations and limitations.	The Council has implemented additional controls and procedures to prevent this type of finding from happening in the future.	Testing showed no improper advance payments.	Implemented
Improper payment of taxes/surcharges	The Council should increase training for the individuals who review travel vouchers to ensure that only eligible expenses are reimbursed. The Council must seek a reimbursement from the employees unless it determines it is not cost effective to do so.	The Council continues to review all travel reimbursements for accuracy and completeness prior to payment. The Council has determined that it is not cost effective to seek reimbursement from the employees.	Testing showed no improper payment of lodging taxes/surcharge.	Implemented

### Council Response

*The Council agrees with the implementation status.*



## Expenditure Approval

Auditors reviewed certain restrictions that the Council placed on its accounting staff's ability to process expenditures. Below are the previous findings for internal control structure along with the follow-up audit result.

November 2016 Audit Findings	November 2016 Audit Recommendations	Reported Implementation/Actions Taken as of November 2016	July 2023 Testing	Implementation Status
Control weakness over expenditure processing	The Council 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 electronic oversight. The Council should request that a preventative control be enforced for all of its transactions in USAS. If an agency requests the control, an edit will prevent the release of a document that the same user entered or altered. See <a href="#">USAS Accounting and Payment Control (FPP B.005)</a> .	The Council will implement additional controls to ensure that no individual is able to process payments without oversight.	Testing shows no segregation of duties issues.	Implemented
<b>Council Response</b>				
<i>The Council agrees with the implementation status.</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 103-16-01) issued Nov. 21, 2016, were implemented.

### Audit Scope

Auditors selected transaction samples of the Texas Legislative Council (Council) 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 Council 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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