



A Follow-Up Audit of the **Commission on Jail Standards**

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Table of Contents

Executive Summary

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

Detailed Information

Payroll.....	3
Purchase.....	5
Travel.....	6
Internal Control Structure	8
Target Analysis.....	9

Appendix

Objectives, Scope, Methodology, Authority and Team	10
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Executive Summary

Purpose and Scope





In July 2024, the Texas Comptroller of Public Accounts (Comptroller's office) completed a follow-up audit of the Commission on Jail Standards (Commission) to check the status of the open recommendations the Comptroller's office made in the most recent post-payment audit.

This agency 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/contract, travel and internal control recommendations made in the post-payment audit (audit report 409-21-01) issued Aug. 10, 2022, were implemented and to determine whether the expenditures since August 2022 have complied with applicable state laws and rules concerning expenditures and with processing requirements of the statewide financial systems.

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 the agency has specific plans to begin or has begun to implement the recommendation and intends 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 seven recommendations selected for review:

- Four recommendations were implemented.
- Three recommendations were in progress.



Detailed Information

Payroll

Auditors developed a payroll sample totaling \$19,393.09 from 10 employees to ensure the Commission complied with the General Appropriations Act (GAA), [Texas Payroll/ Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Below is a list of the previous payroll findings and the follow-up audit results.

August 2022 Audit Findings	August 2022 Audit Recommendations	Reported Implementation/ Actions Taken	July 2024 Testing	Implementation Status
Incorrect state effective service date/longevity pay amounts	<p>The Commission must continue to review the payroll/personnel records for employees to ensure prior state service is properly verified and documented to prevent incorrect longevity payments.</p> <p>The Commission must correct employee state effective service dates. The Commission should consider recovering the overpayment in accordance with Texas Government Code, Chapter 666. The Commission must continue to review each employee's job application for prior state service to confirm that it is properly recorded to ensure accurate longevity pay and leave accruals.</p>	<p>Beginning July 1, 2022, The Commission on Jail Standards converted Human Resources to CAPPs HR and Payroll Processing has been completely revised per Comptroller recommendation and provided procedures. Staff Services has added the requirement for a signed (signed by employee with a check box for employer form received and checked) "Prior State Service form" in the Agency hard file under section 5 or EMPLOYEE ACKNOWLEDGEMENTS - (Form 5.071922). In Capps HR, the agency is using Comptroller provided instructions for processing (desk aides and instructions) that comply with the Payroll/ Personnel Resource - Gen Provisions. This requirement was added to the Agency's new Employee checklist.</p>	<p>The Commission failed to verify identified prior state service with previous employers for one of the tested employees. Additionally, six of the 10 tested employees' files did not include any information related to prior state service. Also, the agency's prior state service form did not include a section for new employees to list their prior state service. It only included a signature line for the employee to state that no prior state service existed.</p>	In Progress
Incorrect salary payment amount	<p>The Commission must ensure that its internal operating procedures include quality control measures that will detect any incorrect compensation payments to an employee.</p>	<p>Beginning July 1, 2022, The Commission on Jail Standards converted Human Resources to CAPPs HR and Payroll Processing has been completely revised per Comptroller recommendation and provided procedures. The 8 hours of time overpaid the employee happened in the legacy system USPS.</p>	<p>Auditors tested six transactions. There were no incorrect salary payments.</p>	Implemented

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August 2022 Audit Findings	August 2022 Audit Recommendations	Reported Implementation/ Actions Taken	July 2024 Testing	Implementation Status
		<p>In addition, except in unusual circumstances, we plan to have new employees start the first day of the month aiding in the proper record keeping and easing pressure on the many responsibilities and duties in the section that happen mid-month. In Capps HR, the agency is using Comptroller provided instructions for processing (desk aides and instructions) that comply with the Payroll/Personnel Resource General Provisions- Partial Payment Calculation, when and if an employee has not worked a full month. Human Resources' list of duties requires calculation of the proper number of monthly hours paid each month per the Small Agency CAPPS Payroll Checklist.</p>		Implemented
Commission Response				
<i>The agency agrees with the auditor's status determination.</i>				



Purchase

Auditors developed a sample of five purchase transactions totaling \$24,122.93 to ensure the Commission complied with the GAA, [eXpendit \(FPP I.005\)](#) and relevant statutes. Below is a list of previous purchase findings and the follow-up audit results.

August 2022 Audit Findings	August 2022 Audit Recommendations	Reported Implementation/ Actions Taken	July 2024 Testing	Implementation Status
<p>Improper payment of state sales tax</p>	<p>The Commission must thoroughly review invoices for sales tax to ensure these are not paid with state funds. The Commission should consider recovering the tax reimbursement.</p>	<p>All staff have been notified that all purchases must go through the Agency's Certified Purchaser. The Certified Purchaser's procedures ensure that no sales tax is paid for any Agency purchase. In the case of the toner tax, this was a one-time payment made at the beginning of the pandemic. All in-office staff and those teleworking know that tax cannot be paid by the Agency or reimbursed. All documentation is mandatorily uploaded to CAPPs Financials to ensure proper receipts are recorded. If sales tax is mistakenly or incorrectly reimbursed by Accounts Payable, recovery procedures are to begin upon knowledge of the mistake and uploaded to the transaction in CAPPs Financials. A follow up email was sent in July 2022 to ensure all staff are more than aware of reimbursement requirements and that all purchases are to only go through the Agency's Certified Purchaser.</p>	<p>All five sampled purchases were conducted through the agency's certified purchaser, with procedures properly followed. No sales tax was paid on any of the sampled purchases.</p>	<p>Implemented</p>
<p>Commission Response</p>				
<p><i>The agency agrees with the auditor's status determination.</i></p>				



Travel

Auditors developed a sample of 10 travel transactions totaling \$4,714.72 to ensure the Commission complied with the GAA, [eXpendit \(FPP I.005\)](#) and relevant statutes. Below is a list of previous travel findings and the follow-up audit results.

August 2022 Audit Findings	August 2022 Audit Recommendations	Reported Implementation/ Actions Taken	July 2024 Testing	Implementation Status
Lack of Conservation of State Funds	To protect state funds, the Commission must seek reimbursement of its credit balances from vendors in a timely manner.	The Agency's vendor and travel procedures have been completely revised due to the Post-Payment Recommendations. Documentation with regards to Airfare, Hotels, Mileage and Rental cars have changed per CPA guidance. With regards to the convention cancellation due to Covid, the Agency will attempt to collect a refund or obtain a credit memo from airline vendor. During the CPA 21 Post Payment Audit, on Feb. 1, 2022, the Agency conducted a Travel Training in Room #402 of the Clements Building for all Agency Travelers. A Travel Binder was provided as well as Travel Training and Discussion, New Policy regarding Travel from the Employee Handbook, and a document entitled "Excel Travel Voucher Training". At this point, a revised TCJS excel travel voucher and travelers' training guidance was provided to Agency travelers and to CPA Expenditure Assistance for their approval. The Final Agency 409 Revised Travel Voucher underwent modifications and was ultimately approved July 6, 2022 by Expenditure Assistance in the Comptroller's office via email. The document and new Agency Travel procedures and documents were disseminated to all Agency staff travelers in July of 2022.	Auditors tested 10 travel transactions. No errors were found.	Implemented

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August 2022 Audit Findings	August 2022 Audit Recommendations	Reported Implementation/ Actions Taken	July 2024 Testing	Implementation Status
<p>Missing detailed travel documentation</p>	<p>Supporting documentation must be maintained and made available during an audit to justify the validity of a payment. The Commission must ensure that it has adequate supporting documentation for all expenditures prior to processing a payment or reimbursement. Detailed item and pricing information must be documented and retained to verify proper billing and payment.</p>	<p>During the CPA 21 Post Payment Audit, the Agency conducted a Travel Training in Room #402 of the Clements Building for all Agency Travelers. A Travel Binder was provided as well as Travel Training and Discussion, New Policy regarding Travel from the Employee Handbook, and a document entitled "Excel Travel Voucher Training". At this point, a revised TCJS excel travel voucher was provided to Agency travelers and to CPA Expenditure Assistance for their approval. The Final Agency 409 Revised Travel Voucher and detailed instructions underwent modifications and was approved July 6, 2022 by Expenditure Assistance in the Comptroller's office. The document and new Agency Travel procedures and documents were disseminated to all Agency staff travelers in July of 2022.</p>	<p>The Commission provided complete documentation for all 10 transactions in the tested sample.</p>	<p>Implemented</p>
<p>Commission Response</p>				
<p><i>The agency agrees with the auditor's status determination.</i></p>				



Internal Control Structure

Auditors reviewed certain limitations the Commission placed on its accounting staff's ability to process expenditures. Auditors reviewed the Commission's voucher signature cards that were in effect on June 28, 2024. Below are the previous findings for internal control structure along with the follow-up result.

August 2022 Audit Findings	August 2022 Audit Recommendations	Reported Implementation/ Actions Taken	July 2024 Testing	Implementation Status
Control weakness over expenditure processing	<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.</p> <p>Auditors strongly recommend the Commission implement the following:</p> <ul style="list-style-type: none"> • Elect to have the document tracking control edit on the Agency Profile (D02) set to either prevent or warn a user attempting to release a batch that the same user entered or altered for the agency. • 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. 	<p>Upon notification of the Issue, on Friday, Oct. 29, 2021 3:00 PM, Security Request RITM0471303 was submitted to CPA Security Request to remove the Staff Services head from TINS to View Access only and the request was completed on October 30, the next day.</p> <p>On July 19, 2022 (after a previous one was sent on March 22, 2022) our Agency submitted a new Authorization for Warrant Pickup (with two new employees names that have never had any TINS or USAS access) to the tins.mail@cpa.texas.gov address and followed up with a phone call. These names are completely separate and new.</p>	<p>One of the three individuals identified in the previous audit still had an issue with conflicting access roles. Also, one additional employee had similar conflicts. The Commission should develop a plan to limit conflicting access.</p>	In Progress
Commission Response				
<i>The agency agrees with the auditor's status determination.</i>				



Target 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.

August 2022 Audit Findings	August 2022 Audit Recommendations	Reported Implementation/ Actions Taken	July 2024 Testing	Implementation Status
Incorrect Direct Deposit Authorization Form	The Commission must ensure all payees who request payment by direct deposit provide the appropriate, signed direct deposit authorization form with the International ACH 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 or missing.	During the Post Payment Audit in February of 2021, the Certified Purchaser and Staff Services section implemented a procedure for new vendors/ requisitions that entails obtaining a direct deposit form with the IAT Question Answered. The procedure is compatible with CAPPS Financials Purchasing Module and all State Purchasing Guidelines. Accounts Payable was also made aware of the above outlined IAT requirement on the direct deposit form.	Auditors found one form was missing relevant information. The Commission must ensure that direct deposit forms are fully and accurately completed.	In Progress
Commission Response				
<i>The agency agrees with the auditor's status determination.</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 409-21-01) issued Aug. 10, 2022, were implemented.

Audit Scope

Auditors selected transaction samples from the Commission on Jail Standards (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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