A Follow-Up Audit of the
Texas Department of Transportation

Audit Report #601F-24-01
December 5, 2024

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Texas Comptroller of Public Accounts

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Executive Summary

Purpose and Scope

In August 2024, the Texas Comptroller of Public Accounts (Comptroller's office) completed a follow-up audit of the Texas Department of Transportation (Department) 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 Department 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, contracts, purchase/procurement, payment cards, system access and payment processing recommendations made in the post-payment audit (audit report number 601-21-01) issued July 7, 2022, were implemented and to determine whether the expenditures since March 2023 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 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 Department'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 Department, and met with agency staff.

Audit Results

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

Of the 16 recommendations selected for review:

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

Detailed Information

Payroll

Auditors developed a sample of four administrative leave with pay transactions, 10 longevity payroll transactions and two longevity payroll transactions from the gross exceeds report totaling $1,140. In addition, the auditors developed a sample of five transactions for payroll and two transactions from the gross exceeds report totaling $141,223 to ensure the Department complied with the General Appropriations Act (GAA), **Texas Payroll/Personnel Resource (FPP F.027)** and pertinent statutes. Below is a list of previous payroll findings and the follow-up audit results.

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#1 Incorrect Use Administrative Leave With Pay	The Department must update its policies and procedures to ensure its administrative leave award process is accurate. In addition, the Department must monitor its leave accounting system to ensure compliance with Texas Government Code, Section 661.911 – Administrative Leave With Pay.	Paid leave for recruitment referrals will be documented in our performance appraisal system. **The following actions are already included in the agency's policies and procedures:** • Outstanding performance leave for recruitment referrals will continue to be submitted to the Executive Director for approval. • TxDOT's current leave policy identifies paid leave for recruitment referrals as outstanding performance leave.	The Department updated its policies and procedures to ensure administrative leave processes are in compliance with Texas Government Code, Section 661.911 – Administrative Leave With Pay. Testing for four administrative leave transactions indicated that no improper leave was granted to employees.	Implemented

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#2 **Incorrect State Effective Service Date/Incorrect Longevity Payment**	The Department must review its controls and internal operating procedures to ensure prior state service records are accurate, and to detect and prevent incorrect compensation. The Department must continue to review each employee's job application and the internal prior state service forms to confirm they are properly recorded in the accounting and payroll systems so longevity pay increases and leave accruals occur at the correct times. See 34 Texas Administrative Code Section 5.40(c).	The department will continue to monitor the records closely when onboarding new employees. We will work to better educate employees and explain the importance of making TxDOT aware of all prior state service, if applicable. Human Resources will continue to follow the current process of having all new hires complete a prior state service form and comparing it to the information they have provided on their application. In the event a discrepancy is discovered we will take appropriate action and correct employee's prior state service in our system and coordinate payment owed to the employee with payroll.	Testing for 10 payroll transactions and two transactions from the gross exceeds report showed no recurring missing prior state service forms or incorrect longevity payment amounts.	**Implemented**
#3 **Missing Consistent Documented Approvals for Salary Actions**	The Department must ensure the salary growth plan is properly documented and salary action approvals are maintained.	The Human Resources Division is currently reviewing the Department's policies and procedures to ensure proper documentation and salary action approvals are maintained in accordance with the Texas Comptroller of Public Account's Texas Payroll/ Personnel Resources – Required Documentation.	The Department updated its policies and procedures to ensure salary action approvals are documented and maintained. Testing for five payroll transactions and two transactions from the gross exceeds report indicated that two transactions did not contain the proper salary action approvals.	**In Progress**

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#4 Incorrect Salary Payments	The Department should improve its payroll processes to prevent incorrect salary payments and incorrect payments of accrued vacation time. The Department must pay the underpaid salary amounts to the employees, and must recoup the overpayments unless it is not cost effective to do so. If the Department determines it is not cost effective, it should consider Reporting of State Debts and Hold Offset Procedures (APS 028) (FPP E.037) policy guidelines for handling the debt to the state.	**Human Resources Response:** Department policy is to take action in the event of overpayment or underpayment of employees accrued time. The Department will make every effort to correct these in a timely manner as soon as possible. Upon HR discovery of these discrepancies, we coordinate corrective action with Payroll. **Finance Management Response:** Our current payroll processes to prevent overpayments occurring on both active and termed employees includes: • Removal of employees from on-cycle process (new hires with partial month payments). • The canceling and reissues of employees with LWOP (leave without pay) recorded late in the month. • The canceling and re-issue of terminated employee before the last off-cycle payroll. • Placement of employees on back time for consecutive months of overpayments. • Last minute callback attempts on direct deposits to employees with overpayments. • Weekly email reminders from our office along with reminders from administrators in the field are sent to employees and supervisors to enter and approve time.	The Department updated its policies and procedures to ensure salary payments are correct. Testing for five payroll transactions and two transactions from the gross exceeds report indicated that one salary payment was overpaid by the Department.	**In Progress**

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July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#4 Incorrect Salary Payments CONTINUED		**OnBase Document Management:** On Base will make it much easier to store all documents and retrieve information related to overpayments. We keep a detailed copy of all supporting documents related to termed employee overpayments (time sheets, calculations, invoices, and collection letters, and documentation regarding files sent to the OAG). This process is currently being used and has been in place for the past 6 months. **Tracking Reports:** We have significantly improved how we track overpayments over the past two years. Queries and reports designed specifically to track potential overpayments and reconcile amounts overpaid are currently being designed and utilized. New hires in the payroll department are currently being trained using these methods. **Vacation Payments:** Holiday calendars can be entered into PeopleSoft two years in advance rather than one year so we can ensure that holidays are included in the final calculations of deceased employee sick leave and vacation payments with large-balance payouts. Vacation and sick leave payments to deceased employee estates can be audited by Payroll personnel to ensure the calculation is posting correctly. The holiday calendar has been updated in PeopleSoft for the next two fiscal years.		**In Progress**

Department Response

Department agrees with the payroll audit findings. The merit increase and one-time merit payment for two employees were processed without required approvals. The employee's timesheet indicating Leave Without Pay (LWOP) for one hour was not entered and approved until September 28, 2023, and the Human Resources Division entered the employee's termination after payroll ran and failed to notify the Financial Management Division's Payroll team that led to the overpayment.

Contract, Purchase/Procurement and Payment Cards

Auditors developed a sample of five purchase transactions totaling $255,874,979.25, 10 payment card transactions totaling $52,013.91 and three contracts totaling $156,196,253 to ensure the Department complied with the GAA, *eXpendit* **(FPP I.005)** and relevant statutes. Below is a list of previous contract, purchase/procurement and payment card findings, and the follow-up audit results.

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#5 **Inadequate Contracting Process – Procurement Process Not Performed**	**The Department must evaluate and improve its contracting and procurement process and its procurement planning process to ensure it meets applicable requirements. It is recommended that the maximum duration for a contract without reissuing a competitive solicitation be four to five years including any renewals or extension periods, unless individual business needs dictate a different period. The Department should consult with its legal counsel early in the planning process and thoroughly document its justification if it expects the contract to exceed this maximum duration. See Chapter 3, Preparing the Solicitation, Contract Term section, of the Statewide Procurement Division's (SPD's) previous Procurement and Contract Management Guide, version 1.16, effective September 2016.**	**The Purchase Order Change Notice - Purchase Order Renewal SOP is being modified and the current Purchasing Manual addresses audit requirements.** **A manual revision "Manual Notice 2017-1" was completed February 01, 2017 and clarified the 10% rule limiting increase amounts and signature authority tables. The current Purchasing Manual chapter 7, section 4 addresses amendments to contracts with an initial value exceeding $10 million or 10 percent of the agency's appropriated funds. Furthermore, the Purchase Order Change Notice - Purchase Order Renewal SOP is being modified to ensure contract terms are for one year with a maximum of three like periods of time for renewals.** **Any deviation in these terms, requires justification from the customer, TxDOT's Procurement director's approval, and a cost benefit analysis prior to renewal if contract will exceed five fiscal years.** **Note: The State of Texas Procurement and Contract Management Guide in effect at the time of the questioned contract solicitation acknowledged business needs may dictate different periods than the recommended maximum four-year term. The contract was for the maintenance and repair of ferry vessels where only two vendors responded to the RFP.**	**The Department updated its policies and procedures to ensure the correct contract process is being utilized. Of the three contracts tested, two of the contracts tested were justified lasting eight and ten years as part of defined major engineering project. One contract has yet to exceed four years; therefore, no issues were identified.**	**Implemented**

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#6 **Failure to Report Contracts to the Legislative Budget Board (LBB)**	The Department must report all applicable contracts to the LBB in compliance with the **LBB Contract Reporting Guide**. Additionally, the Department should ensure staff is trained on and understands the LBB reporting requirements.	The Procurement Divisions uses an LBB tracking tool to identify contracts to be reported to LBB. Each contract entry into the tool generates a confirmation email to the purchaser creating the entry and to the staff responsible for completing the subsequent entry into the LBB Contract Reporting Database. Personnel responsible for completing the entry into the LBB database have 2 business days to complete the entry into the LBB Contract Reporting database and mark the entry as 'complete' in the LBB tracking tool. The Purchasing Manual will be revised to clarify LBB posting requirements.	The Department updated its policies and procedures to include the LBB requirements. The Department provided all the documentation required to support compliance for the contract and purchase/ procurement sample.	**Implemented**
#7 **Failure to Report to the Vendor Performance Tracking System (VPTS)**	The Department should ensure staff is trained on and understands the vendor performance reporting requirements. Additionally, the Department must report purchases over $25,000 to the VPTS to identify suppliers demonstrating exceptional performance, aid purchasers in making a best-value determination based on vendor past performance, and protect the state from vendors with unethical business practices. Reporting also identifies vendors with repeated delivery and performance issues, provides performance scores in four measurable categories for Centralized Master Bidders List (CMBL) vendors, and tracks vendor performance for delegated and exempt purchases.	The Procurement Division addresses Vendor Performance Tracking System reporting requirements in the Purchasing Manual Chapter 7, Section 5, with a Standard Operating Procedure for Purchase Order Change Notices and Purchase Order Renewals, and a Customer SOP on Vendor Performance Reporting.	The Department updated its policies and procedures to include the VPTS requirements. For the three contracts tested, the Department provided the exemption for VPTS reporting for the highway engineering contracts. The Department also provided all the procurement documentation required to support compliance for the five purchase/ procurement tested.	**Implemented**

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status

#8
 	
Missing Vendor Compliance Verifications
	The Department should ensure staff is trained on and understands the vendor compliance verification checks requirements. Additionally, the Department must conduct each VCV search and save proof of the dated searches before any purchase, procurement operation, contract award, extension, or renewal. Staff must retain a dated copy of the review results from each specified website in the procurement file. The Department must review its contracts to ensure any contract with a company that has 10 or more full-time employees and a value of at least $100,000 contains the required boycott Israel provision if the contract will be paid wholly or partly from public funds.	Prior to the publication of the current Contract Management Guide in June 2018, vendor warrant holds were not required, and the following wording was included in the TxDOT Terms and Conditions, "Respondent agrees that any payments due under the contract will be applied toward any debt or delinquency that is owed to the State of Texas".
		
		The Construction Division will incorporate VCV requirements into its Letting Manual, with the exception of vendor warrant hold checks which will be made prior to payment by the Finance Division.
		
		The Contract Service Division has VCV processes in place for all contracts through either a checklist or contract certifications.
		
		The Procurement Division addresses VCV requirements in its Purchasing Manual and standard operating procedures (SOPs) as follow:
		
		• Purchasing Manual Chapter 2, Section 16 – Competitive Solicitation, Awarding and Dispatching Purchasing Orders Procurement SOPs:
		  ◦ PCard Emergency Operations
		  ◦ Section 2 No Bid_PCard
		  ◦ Section 3 5K-25K
		  ◦ Section 5 Service 25K-100K
		  ◦ Section 6 Commodities $25K - $50K
		  ◦ Section 13 POCN - PO Renewal
		• The Professional Engineering Procurement Services Division addresses VCV requirements through a screening checklist outlined in the PEPS Contracting Manual, Chapter 8, Section 5.
			The Department updated its policies and procedures to include the vendor compliance verification requirements. The Department provided all the contract and purchase/ procurement sample documentation required to support compliance. For payment cards, the auditor was unable to verify if the warrant hold check was conducted for purchases over $500 prior to purchase. In addition, for one payment card transaction the contract was signed prior to conducting the warrant hold check.	**In Progress**

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July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/Actions Taken	August 2024 Testing	Implementation Status
#8 Missing Vendor Compliance Verifications CONTINUED		• **Project Finance Debt & Strategic Contracts addresses VCV requirements through certification forms.** • **The Right of Way Division has updated its contracting procedures to include a checklist that includes VCV requirements.** • **The Support Services Division has VCV processes in place for all contracts through either a checklist or contractor certification statements.** • **The Transportation Programs Division addresses VCV requirements with certification statements.**		**In Progress**
#9 Lack of Documentation for Prompt Payment and Payment Scheduling Dates	The Department must ensure that, if vendor invoices are received via email or other electronic means, staff retains the emails in accordance with Comptroller's office guidance and keeps them on file to document the date the Department first received an invoice for prompt payment and payment scheduling purposes.	TxDOT to date hasn't implemented a change in our invoice receiving process to capture and retain the originating email from the vendor or to retain a imaged copy of the vendor's envelope to certify its receipt date. Historically, TxDOT relied on the agency's stamp date as certification of the date the invoice was received. The Financial Management Division feels to try implementing a stop gap solution to retain the vendor's email or scanned copy of their envelope in our current business process is not time or cost efficient and any negative impacts to the agency for delaying this document retention are monetarily immaterial. As note by the auditors, there were no vendor complaints cited against TxDOT regarding the received date our agency used as its stamp date. TxDOT requests this finding be moved to a Type II. TxDOT will be implementing an e-invoicing solution which will retain a imaged copy of the invoice and originating email for review by auditors.	The Department provided all the purchase documentation for the five transactions tested to support compliance of prompt payment and payment scheduling.	**Implemented**

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/Actions Taken	August 2024 Testing	Implementation Status
#10 Incorrect Purchase Category Code (PCC) and Document Type	The Department must ensure staff uses the correct document type and PCC when coding payment card transactions in CAPPS. If a system change cannot be implemented to code the correct document type and PCC by default, the Department must train relevant personnel to ensure the correct coding is done manually.	This finding is related to two categories of payments for the Fuel Card and Purchase Card program. The P-Card transactions issue was resolved with the implementation of PeopleSoft's My Wallet module, which now systematically uses Doc Type 2, PCC Code H, with a generic Requisition Number, which is a system requirement for USAS. The Financial Management Division is working with TxDOT IT to ensure the correct Doc Type 2, PCC Code B, with a generic Requisition Number are used on all future Fuel Card purchases. This change is expected to be completed in AY22.	The Department provided all the required documentation to support compliance of the correct PCC and Document Type used for the payment card and retail fuel card transactions.	**Implemented**
#11 Improper Use of the Generic Texas Identification Number	The Department must review and modify its process and procedures for using charge cards issued by the state-contracted charge card vendor to ensure that, either at the point of sale or the point of payment, specific vendor TINs are obtained, or vendors are set up in the Texas Identification Number System (TINS). This will enable the Department to code third-party payment transactions with the correct vendor TIN in the detail lines.	The use of the generic Texas identification number will be reduced due to the implementation of My Wallet. My Wallet requires cardholders to select the correct supplier ID and mail code, from the list of active supplier IDs in PeopleSoft. My Wallet will not eliminate the need for the generic number. It is cost prohibitive to establish supplier IDs for every vendor TxDOT uses with credit card purchases due to volume, time required trying to obtain AP-152s from vendors, setting up the vendors in USAS, all of which may create payment delays and impact to the rebate. TxDOT will establish a semi-annual review of credit card transactions that reflect the generic number usage in order to identify frequently used vendors and initiate the process to try and set up the vendor in USAS, without delaying the payment process. The use of the generic Texas identification number does not impact the prompt payment and supporting documentation is available to identify the actual vendor. As a result, TxDOT requests this finding be moved to a Type II.	Auditors conducted a payment card transaction analysis from USAS for the generic TIN usage and found the following: • Fiscal Year 2022 the generic TIN number was used for 73% of payment card transactions. • Fiscal Year 2023 the generic TIN number was used for 52% of payment card transactions. The Department is still using the generic TIN for more than half of the payment card transactions even though the Department conducted a semi-annual review for the payment card transactions that identified the frequently used vendors to setup in USAS for FY 2023.	**In Progress**

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/Actions Taken	August 2024 Testing	Implementation Status
#12 Late Payments to Vendors	The Department must consistently pay all vendors, including the State of Texas Charge Card Program vendor, in the timeframe established by Texas Government Code, Section 2251.021. If disputes with vendors or other special circumstances arise, they must be documented and maintained as part of the procurement file.	The auditors cited late payments to CitiBank for purchases with their Purchase Card Program. In 2018 and 2019, the audit sample time-frame, TxDOT's legacy P-Card System (PCS) only process transactions in batches. Staff would hold the batch of P-Card transactions to clear all issues (account codes, budget strings not setup etc.) before approving the batch for processing. PeopleSoft does not allow for certain transactions to be held in a batch. Under the CitiBank program any penalty interest paid by the agency as a result of late payment is refunded to the agency. The only negative impact would be a potential unrealized rebate to the agency. The main focus of this audit finding related to a payment to a district vendor. If this disagreement with the vendor was elevated to FIN timely manner, the issue would have been resolved quicker. The Financial Management Division believe that HB 1476 will assist in this effort. After passage of the bill, FIN management implemented a policy change requiring both Division, District, and Financial Management staff to retain a written copy of dispute communications sent to a vendor. The Financial Management Division Director notified the agency's employees regarding documentation requirement on Aug. 24, 2021.	The Department provided all the payment card documentation required for the 10 transactions tested to support compliance of prompt payment.	**Implemented**

Department Response

Department agrees with audit findings 5-10 and 12. The purchaser has been coached and the requirement to pull the Vendor hold prior to the PCard transaction or contract execution will be addressed in our next All PRO meeting to remind all purchasers of the requirement.

Department disagrees with audit finding 11. TxDOT uses an estimated 9,500 different vendors on an annual basis. Approximately 52.7% of those vendors are one-time purchases. Providing the TIN requires an AP-152 to be filled out by every single POS vendor every year for transactions that FIN AP is unaware of until after the transaction is posted. If the vendor record is not already set up in CAPPS and USAS, then the transaction will fail until it has been set up. The human capital needed to fulfill this requirement for this number of vendors is inefficient and not cost effective for the agency. Actions being taken by TxDOT to further mitigate the use of the summary number, TxDOT set up an initiative to set up vendors with the highest volume of transactions.

Comptrollers Response: According to Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements (FPP A.043) (login required), state agencies must make every effort to obtain (and set up) the specific vendor TIN when coding transactions for third-party payments, and the generic TIN should only be used after such efforts have been exhausted. Using the correct TIN is necessary to capture the actual vendor/individual doing business with the state, which enhances transparency about the state's expenditures. Improper processing can result in inaccurate expenditure reporting for public information requests.

Travel

Auditors developed a sample of nine travel transactions totaling $6,332.56 to ensure the Department complied with the GAA, *Textravel* **(FPP.G.005)** and relevant statutes. Below are the previous travel findings and the follow up audit results.

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#13 Missing Documentation When Choosing a Travel Method That Is Not the Lower Cost	The Department must provide training to its employees and travel coordinators, and modify its policies and procedures to ensure travel files include cost comparisons of transportation options (personal vehicle, rental car, airfare or agency fleet vehicle when applicable). In addition, if an agency uses a method of transportation other than the lowest-cost method, the travel file should include documentation of the circumstances that justified the exception and approval by a supervisor or travel coordinator.	Prepay Auditors will conduct small training sessions with District and Division Travel Coordinators. Information will be sent out to remind travelers of the policies and procedures for providing a cost comparison and proper documentation to be included in the expense report when the lowest cost method was not used.	The Department's prepay auditors conducted training sessions and provided the cost comparison policy and procedures to District and Division Travel Coordinators. Testing for the travel transactions indicated one transaction where the cost comparison was submitted by the traveler, but the lowest cost method was not used.	**In Progress**
Department Response				
Department agrees with the travel finding. We agree that the lowest cost option was not utilized. In the future, we will ensure that travelers are informed and educated that they must submit a valid cost comparison, and that only the amount of the lowest cost option will be reimbursed. We will also ensure that Prepay Auditors are thoroughly reviewing cost comparisons for accuracy and making sure that the agency is only reimbursing up to the lowest cost provided by the comparison.				

System Access and Payment Processing

Auditors reviewed certain limitations the Department placed on its accounting staff's ability to process expenditures. Auditors reviewed the Departments' security in USAS, Texas Identification Number System (TINS) and voucher signature cards that were in effect on Aug. 12, 2024. 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.

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#14 Failure to Notify Comptroller to Remove Employees from Signature Cards	The Department must ensure compliance with the terminated employee security revocation requirements. It must also ensure the person responsible for notifying the Comptroller's office about revocations is aware of terminations no later than the fifth day after each termination and will follow up with the Comptroller's office to ensure it receives each notification and that revocation occurs.	The Agency Security Coordinators have internally streamlined CPA access deletion requests by utilizing the internal TxDOT ticket system when employees are transferred or off-boarded. Currently, four separate requests and/or emails are needed to delete access to the CPA system and the signature card. TxDOT would like to suggest that the Comptroller streamline the deletion process so that only one request would be submitted and it would trigger CPA to check their systems and signature cards and delete accordingly. TxDOT also suggests that signature card review be included as part of the semi-annual review process as this will help TxDOT ensure no signature card deletions are missed in the future.	Auditors found the Department failed to notify the Comptroller's office to remove one terminated employee from the signature card in a timely manner.	**Not Implemented**
#15 Confidential Treatment of Information Acknowledgement (CTIA) Form Missing	The Department must maintain CTIA forms in its files in accordance with the retention policy on the form and established by Access Requirements for Comptroller Systems (FPP K.015). The Department should consider converting older hard copy forms into an electronic format for easier retrieval and review.	The Agency Security Coordinators and FIN Management would like to discuss options with the Comptroller's office about moving employees with CPA access to the online CTIA portal. This change would require the Comptroller's office to allow TxDOT to re-certify existing users without removing and then restoring their access.	Testing for 10 CTIA electronic transactions indicates the Department follows the Access Requirements for Comptroller Systems (FPP K.015).	**Implemented**

July 2022 Audit Findings	July 2022 Audit Recommendations	Reported Implementation/ Actions Taken	August 2024 Testing	Implementation Status
#16 Control Deficiency Over Expenditure Processing	To reduce risks to state funds, agencies must 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. Auditors strongly recommend the Department 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 or direct deposit information and approve a payment.	The employee identified in this finding had their conflicting access removed. The issue arose from the employee's change in duties over time with the Financial Management Division. The signature authority review will be included in the division's semi-annual security review.	Auditors found no employees with conflicting security capabilities.	Implemented

Department Response

Department agrees with the System Access and Payment Processing audit findings. Implemented in September 2024. TxDOT has tightened our controls around this process and has retrained our staff on the signature card removal procedures. When our CPA Security Coordinators receive a request to revoke USAS access from a terminated employee, they are now cross checking the employee's name against a list of users on the signature card. If the revoked user is on the signature card, a request is immediately sent to the Comptroller to remove the user from the signature card.

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 601-21-01) issued July 7, 2022, were implemented.

Audit Scope

Auditors selected transaction samples of the Texas Department of Transportation (Department) 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 the Department 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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