



A Legislative Summary Document Regarding Office of the Governor

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The Criminal Justice Division (Division) of the Office of the Governor (Office) does not ensure that its grant recipients spend funds appropriately. The Division and its grantees could not provide evidence to support the appropriateness of an estimated \$15.6 million in reimbursements.

The Division cannot ensure the security, accuracy, or integrity of the data in its information systems that track grantee activity and Division expenditures.

For fiscal year 2001, we cannot provide assurance that the grantees of the Office always spent court costs and fees from the Criminal Justice Planning Fund and the Crime Stoppers Assistance Fund for the intended purpose.

The Office had no significant reportable findings for the major programs tested in the federal portion of the statewide Single Audit report for the fiscal year 2001.

The Uniform Statewide Accounting System (USAS) records indicate that the Office exceeded its cap for out-of-state and foreign travel by \$11,435 (14 percent over the cap) for appropriation year 2002. However, the Office reports that this amount should be reduced by \$5,582 for out-of-state and foreign travel that was reimbursed by various sources, reducing the amount over the cap to \$5,853 (7 percent over the cap).

Prepared for the 78th Legislature
by the State Auditor's Office

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This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

Office of the Governor

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Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

A Review of Regional Planning Commissions' Financial and Performance Reports

(Report No. 03-013, December 2002)

Note: Although it was not audited, the Office of the Governor was involved with this project because it is required to adopt annual reporting and audit requirements that regional planning commissions (RPC) must follow. The State Auditor's Office (SAO) is required to review all audits and reports and to present key results to the Office of the Governor. One SAO recommendation to modify certain reporting requirements was directed to the Office of the Governor.

Status of Audit Recommendations as of November 30, 2002

No status is reported at this time to allow the Office of the Governor and Regional Planning Commissions sufficient time to address recommendations in this recently released report.

Our review of RPCs' financial audit reports and associated management letters indicates that significant financial and federal compliance weaknesses exist at 13 of the 24 RPCs. In fiscal year 2001, these 13 RPCs received \$20.8 million in state funds and \$249.6 million in federal funds to administer a variety of programs. The financial weaknesses identified spanned a variety of areas and included issues such as failure to implement adequate controls over cash, failure to account for fixed assets adequately, and failure to monitor subrecipients that receive grant funds. Although the RPCs' independent auditors identified these weaknesses in business processes, they also reported that, with the exception of Permian Basin Regional Planning Commission, the RPCs' financial statements fairly presented their financial positions.

Performance reports that RPCs are required to submit to the State often do not include all information required by law and regulation. In addition, the required reports lack certain information that could improve state officials' ability to provide effective oversight. For example, most RPCs do not report the planned impact of their programs' activities on their regions or the actual outcomes of those activities. In fiscal year 2001, the 24 RPCs in Texas received \$48.1 million in state funds and \$394.6 million in federal funds.

An Audit Report on the Criminal Justice Division of the Office of the Governor

(Report No. 02-066, August 2002)

The Criminal Justice Division (Division) of the Office of the Governor (Office) does not ensure that its grant recipients spend funds appropriately. The Division and its grantees could not provide evidence to support the appropriateness of an estimated \$15.6 million in reimbursements. The Division also reimbursed certain grantees for unallowable expenditures. Furthermore, the Division cannot ensure the security, accuracy, or integrity of the data in its information systems that track grantee activity and Division expenditures. In fiscal year 2001, the Division made payments on 2,655 individual contracts and spent \$150 million on its criminal justice programs.

Status of Audit Recommendations as of November 30, 2002

No status is reported at this time to allow the Division sufficient time to address recommendations in this recently released report.

Key facts and findings include the following:

- The Division cannot rely on its current monitoring process to provide assurance that grantees are spending funds as intended. The purpose of the monitoring function is to ensure that grantees are reimbursed only for allowable expenditures. We requested support directly from grantees for expenditures that were reimbursed, but grantees could not always provide it. For fiscal year 2001, we estimate that as much as \$15.6 million in reimbursements are in question because grantees could not provide the requested support.
- Weaknesses in monitoring included inadequate guidelines on what monitors should review, insufficient documentation of monitoring results, and the practice of not monitoring grantees as scheduled. Of all monitoring files tested, 94 percent (49 of 52) did not contain sufficient support or documentation that would allow us to discern how monitors tested

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grantees' expenditures for appropriateness or made their assessments during the monitoring review. Furthermore, the Division does not have accurate data needed to effectively monitor grantees and reimburse only eligible expenses.

- Data in the Division's Grant Tracking System (GTS) and Financial Information System (FIS) are not always accurate, secure, or reliable. GTS does not have electronic edit checks to prevent users from deleting data in certain critical fields. GTS also does not have electronic edit checks to detect and correct user errors in a timely manner. Both GTS and FIS are at risk for unauthorized access because of inadequate procedures over the user IDs and passwords used to access the systems. Neither system adequately tracks changes made to system data. Furthermore, GTS does not have a complete definition of the data fields and what they should contain.

An Audit Report on Funds Collected as Court Costs

(Report No. 02-049, May 2002)

For fiscal year 2001, we cannot provide assurance that the grantees of the Office of the Governor always spent court costs and fees from the Criminal Justice Planning Fund and the Crime Stoppers Assistance Fund for the intended purpose.

Status of Audit Recommendations as of November 30, 2002 (unaudited)	
The Office has reported the following:	
Implemented	2
Total recommendations	2

Criminal Justice Planning Fund. Six percent (4 of 72) of expenditure transactions tested did not contain adequate support for the expenditure. We tested transactions totaling \$684,000 and found that 4.5 percent of the dollars tested were not supported. If extrapolated to the total population of approximately \$31 million in grants and contracts, the projected amount of questioned expenditures could be \$1.4 million.

Crime Stoppers Assistance Fund. Sixteen percent (7 of 45) of expenditure transactions tested did not contain adequate support for the expenditure. We tested transactions totaling \$314,034 and found that 2.7 percent of the dollars tested were not supported. If extrapolated to the total population of approximately \$912,250, the projected amount of questioned expenditures could be \$24,000.

Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)			
	2000	2001	2002
In-State Travel	\$ 162,908	\$ 136,854	\$ 243,138
Out-of-State Travel	81,570	79,945	94,535
Foreign Travel	2,681	0	1,150
Other Travel Costs	(490)	0	275
Total Travel Expenditures	\$ 246,669	\$ 216,799	\$ 339,098
Limit on Travel Expenditures (Cap)	434,726	434,726	84,251 ^a
Expenditures in Excess of Cap	\$ 0	\$ 0	\$ 11,435^b

^a Caps apply to total travel in appropriation years 2000 and 2001, but caps apply only to out-of-state travel and foreign travel in appropriation year 2002. Caps, calculated by the Comptroller of Public Accounts, have been adjusted for any increases requested by the Office and approved by the Legislative Budget Board in accordance with the General Appropriations Act.

^b The Office has indicated that excess expenditures for appropriation year 2002 should be reduced by \$5,582 for out-of-state and foreign travel that was reimbursed by various sources, reducing the amount over the cap to \$5,853.

Source: Uniform Statewide Accounting System (USAS) as of November 30, 2002. Amounts are subject to change as agencies continue to record additional expenditures or adjustments.