Internal Audit Division Report

PCard Support Evaluation

Executive Summary

Objective

To evaluate the effectiveness of purchasing card (PCard) transaction review and approval, payment of PCard transactions, and training.

Overall Engagement Assessment

	X		
Priority 1	Priority 2	Priority 3	Priority 4

The internal control structure is not designed or operating to mitigate risks considered significant to achieving program operational and compliance objectives. Negative programmatic impacts are being experienced and likely to increase if control deficiencies are not addressed. Improvements to address deficiencies include redesign, execution, and performance measurement.

Summary Results

Management concurs with the below findings and prepared management action plans to address deficiencies.

Finding 1: Business/Immediate Need for PCard Transaction							
Control Design	X	Operating Effectiveness	X	Division	Financial Management Division (FIN) and Procurement Division (PRO)	District	Yes

PCard transactions within the enterprise resource planning system (ERP) PCard module did not have a well-defined business need for the purchase made nor were properly acknowledged in the system (i.e., radio button not selected) that the goods/services acquired were for immediate need which is required to be disclosed per policy.

Business Need

- 246 of 258 (95%) transactions did not include the business need for the purchase.

Immediate Need

- 506 of 585 (86%) transactions were not properly acknowledged as an immediate need in ERP.

(Impact): PCard transactions that do not provide a business need ($172K) and/or immediate need ($591K) acknowledgment do not allow for proper verification that the transaction was processed in accordance with policy.

Finding 2: Repeat PCard Violators							
Control Design	X	Operating Effectiveness	X	Division	PRO	District	Yes

Employees from judgmentally selected division/districts identified with repeat PCard transaction violations did not have PCard privileges suspended or terminated.

- Of the 465 cardholders with violations, two (<1%) cardholders had card suspensions as a result of PCard violations (i.e., restricted item).
- The top four cardholder violators accounted for 38% of the total violation amount ($711K) and their PCards were not suspended or terminated at any point during this 16-month period.

(Impact): Employees with 10+ violations continued using PCards and had additional non-compliant transactions totaling $1.3M. In addition, statewide verification responsibility is placed on FIN pre-pay auditors, leading to an increased workload. For the testing period reviewed, a total of 29 pre-pay auditors were identified to have reviewed transactions with violations.

Finding 3: Utilization of ERP PCard Module							
Control Design	X	Operating Effectiveness	X	Division	FIN and PRO	District	Yes

The ERP PCard module is not fully being utilized by the FIN pre-pay auditors to document the exact nature of the PCard violation identified and subsequently return the transaction to the PCard holder for resolution.

- 478 of 585 (82%) PCard violations ($509K) were not resolved in ERP.
- 478 of 478 (100%) unresolved PCard violations ($509K) were paid to the financial institution.

(Impact): Payments were made for PCard transactions ($509K) with unresolved violations (i.e., transactions not adhering to purchasing policy). Unresolved violations within ERP do not provide documented history to demonstrate resolution of non-compliance or feedback/coaching provided to the cardholder.

Finding 4: Vendor Hold Status Verification							
Control Design	X	Operating Effectiveness	X	Division	PRO	District	Yes

The vendor hold status verification was performed by the PCard holder outside of the allowable time frame (i.e., no more than seven days prior to transaction) or there was no documentation within the ERP to support that the verification was performed.

- 108 of 132 (82%) transactions had vendor hold status documentation that was dated after the PCard transaction date/time.
- 13 of 132 (10%) transactions had vendor hold status documentation that was generated more than seven days before transaction date.
- 5 of 132 (4%) transactions had no vendor hold status documentation within ERP.

(Impact): Vendor hold status verification performed outside of the allowable time frame or no documentation within ERP to support verification does not allow for TxDOT to ensure compliance with Texas Government Code for purchases nor proper resolution of PCard violations.

Control Environment

PRO is responsible for establishing policies, procedures, and administering TxDOT's PCard program to include assisting the divisions/districts (D/Ds) with PCard application, PCard holder limits, and termination of use.

FIN is responsible for coordinating the financial-related activities for TxDOT's PCard program to include prompt payment of PCard statements to the facilitating financial institution. In addition to financial-related activities, FIN pre-pay auditors review all PCard transactions processed in the ERP PCard module to verify compliance and create the monthly D/D violation report posted to the PRO website.

D/D cardholders are required to complete training, follow purchasing policies and procedures when using the PCard, submit PCard transactions and supporting documentation (i.e., vendor hold status, invoice/receipt, etc.) in ERP within seven days of the transaction posting date, and review all statements monthly. The average number of statewide cardholders and total transactions processed have remained consistent at 2,100 and $33.8M, respectively, since 2020.

Approving D/D supervisors are required to review PCard transactions completed by cardholders in the ERP PCard module to identify discrepancies, non-compliance with purchasing policy, fraud, and address non-compliance with the cardholder.

Although established as a method of payment, not a method of procurement, there are no preventive controls in place to verify that the correct purchasing method is used prior to PCard use and subsequent payment to the financial institution (i.e., credit card company). Review of PCard transactions and supporting documentation for compliance with required purchasing policies occurs after the purchase has been made.

Background

PCards are utilized by TxDOT employees to purchase items to meet an immediate need to complete a task that cannot be delayed for the time required for fulfillment through the purchasing process (i.e., through purchase order (PO), blanket PO, Texas Smart Buy, etc.). As of June 5, 2023, there were 2,184 active PCard holders statewide with supervisor approved transaction limits ranging from $300 - $10,000 (single transaction) and $2,000 - $75,000 (monthly).

The ERP PCard module was implemented in January 2022 to assist with improving the processing of PCard transactions to include auto-populated fields, chart field data validation, and streamlined user interfaces.

Between January 11, 2022, and May 2, 2023, a total of 162,400 PCard transactions totaling $48M were processed within the ERP PCard module with 6,011 (4%) transactions totaling $3.6M (8%) having purchasing policy violations identified by FIN pre-pay auditors.

The Purchasing Manual includes items that must be performed and/or provided by the cardholder with each PCard transaction processed. (see Table 1)

Table 1

Violation Type	Purpose of Activity/Record
Vendor Hold Status	To ensure TxDOT is not conducting business with businesses indebted to the state or that have a tax delinquency (required for transactions $500+).
Required Documents	To document purchase made is compliant with PCard policy.
Business Need	To document reason for purchase made.
Cardholder Signature	To acknowledge receipt of goods/service and approve amount charged.
Taxes Charged	To verify sales and use taxes were not paid by TxDOT.
Worker's Compensation Insurance	To ensure vendor has active insurance for service performed on TxDOT property.

Source: October 2022 Purchasing Manual

Detailed Audit Report

Scope and Methodology

The audit was conducted during the period from May 22, 2023, to July 24, 2023. Testing focused on payment card (PCard) training completion and review of 585 PCard transactions totaling $591K completed between January 11, 2022, and May 2, 2023, within the Fleet Operations Division and Amarillo, Lubbock, Fort Worth, San Angelo, and Tyler Districts.

Scope Area 1: Pcard Transaction Approval
Evaluated PCard holder training, and PCard transaction supervisory approval, violation reporting, and payment for selected division/districts (D/Ds) using methodology that included: ▪ Reviewed state and TxDOT criteria including Texas Government Code, Chapter 2252 and TxDOT Purchasing Manual, Chapter 3 - Payment Cards. ▪ Conducted interviews with key district and division personnel involved in PCard training, review/approval, and payment process to include rules governing PCard usage, steps for processing PCard transactions in the enterprise resource planning system (ERP) PCard module, and violation remediation/correction. ▪ Assessed the reliability of transaction and violation data by comparing ERP transactions to procurement transactional data and determined data was sufficiently reliable for the purposes of assessing transaction violations, payment, and determining resolution status. ▪ Verified completion of required purchasing trainings (PUR700, PUR800) for cardholders that completed PCard purchases between January 11, 2022, and May 2, 2023. ▪ Judgmentally selected one division and five districts to include in testing based on volume and dollar amount of transactions and violations reporting trends. ▪ For the selected D/Ds, sub-selected 585 PCard transactions (from 2,923 total violation population) based on violation reporting trends and effective coverage of supervisor approvers. ▪ Reviewed selected transactions to: – verify PCard violations were resolved in ERP. – determine if PCard violation resolution timing delayed payment to the designated financial institution. – determine if PCard violations were identified in ERP by the approving supervisor. – determine if PCard violations were returned in ERP by the FIN pre-pay auditor. – evaluate cardholders with repeat violations. ▪ Of the 585 sub-selected PCard transactions, verified business need documented in ERP for 258 transactions provided justification for immediate need of purchase. ▪ For the selected transactions, determined if approving supervisors completed available (non-mandatory) PCard trainings (PUR700, PUR800).

Detailed Audit Findings and Management Action Plans (MAPs)

Finding No. 1: Business/Immediate Need for PCard Transaction

Condition
Purchase card (PCard) transactions within the enterprise resource planning system (ERP) PCard module did not have a well-defined business need for the purchase made nor were properly acknowledged in the system (i.e., radio button not selected) that the goods/services acquired were for an immediate need which is required to be disclosed per policy.

Effect/Potential Impact
PCard transactions that do not provide a business need for the purchase and/or acknowledgment that transaction was for an immediate need do not allow for proper verification that the transaction was processed in accordance with policy.

Criteria
The Purchasing Manual (October 2022) outlines TxDOT purchasing requirements to include:

- PCards must only be used to meet an immediate need to complete a task that cannot be delayed for the time required for fulfillment through the purchasing process.
- Cardholder must review TxDOT Purchase Orders (POs) and Blanket Purchase Orders (BPOs), Texas Comptroller of Public Accounts (CPA) Term, Texas Multiple Award Schedule (TXMAS) and Texas Department of Information Resources (DIR) contracts, warehouse stock, or surplus property to determine if a needed item is available prior to using the PCard.
- Cardholders must submit a requisition when goods or services are available on term contracts, TXMAS contracts, or BPOs which meet the need and can be delivered in the time frame needed.

The ERP PCard module "Transaction Detail" screen includes a radio button for users to confirm that goods/services were acquired to fulfill an immediate need and could not be deferred for fulfillment from a term contract or delegated purchase prior to submission.

The ERP PCard module "Business Need" field states the user must provide detailed information with specific reason the goods and services are obtained and include what need the item will fulfill, for whom, where it will be used, and details to illustrate the business need that justified expenditure.

Cause
The ERP PCard module does not allow for a user to select both the radio button confirmation that goods/services were for an immediate need and the radio button confirmation that the transaction adheres to all purchasing statutes, rules, policies and procedures.

The ERP PCard module job aids do not include specific guidance on how to develop a business need statement or examples of business need statements to guide users. In addition, there is no monitoring or complete enforcement of the requirement that PCards only be used for an immediate need.

Although sampled cardholders were up to date on required PCard training, per inquiry with sampled D/D supervisors, there was an unawareness of how to document a business need, what justifies an immediate need, specific types of items available through purchase order, and the procedures to follow for other procurement methods required to be used (districts). In addition, storage space and budget limitations (Fleet Operations Division) do not allow for other procurement methods to be used.

Evidence

Business Need

A review to verify PCard transaction business need was performed for a judgmental sample of 258 ($172K) transactions completed between January 11, 2022, and May 2, 2023.

- 246 of 258 (95%) transactions had irrelevant information in the "business need" field in the ERP PCard module. Information provided did not properly denote a business need for the purchase.

Immediate Need

A review to determine if PCard transactions were identified as an immediate need in the ERP PCard module was performed for a judgmental sample of 585 transactions ($591K) completed between January 11, 2022, and May 2, 2023.

- 506 of 585 (86%) transactions did not have the radio button selected to properly acknowledge the item as an immediate need in the ERP PCard module.

Management Action Plans (MAPs):

MAP 1.1	**Completion Date:** April 15, 2024	**Division:**	Yes	**District:**	No
The Procurement Division (PRO) will post information regarding purchasing through the Regional Distribution Centers, Texas SmartBuy, and PRO's contract log in a high visibility area on their respective purchase card (PCard) SharePoint or website to assist cardholders in identifying resources. These SharePoint/website locations will be communicated with the districts and divisions PCard Coordinators.					
MAP Owner:	Leigh Bailey, Procurement Support Services Section Director, PRO				

MAP 1.2	**Completion Date:** November 15, 2024	**Division:**	Yes	**District:**	No
The Procurement Division (PRO) will work with internal business partners to create an automated report that will be used to select a sample of transactions to be reviewed. The results of the review will be shared with divisions/districts as applicable.					
MAP Owner:	Leigh Bailey, Procurement Support Services Section Director, PRO				

MAP 1.3	**Completion Date:** May 15, 2024	**Division:**	Yes	**District:**	No
The Financial Management Division (FIN) will work with the Procurement Division (PRO) to determine the best method to enable the use of both the *Immediate Need* and *User Attestation* (compliance with procurement rules and regulation) radio buttons within the enterprise resource planning system (ERP) purchase card (PCard) module. Based on the decision made with PRO, FIN will: ▪ determine if further clarification is needed for the user on when to select each option (*Immediate Need*, *User Attestation*). ▪ establish what would constitute a purchasing violation for the card user in relation to the *Immediate Need* and *User Attestation* radio buttons. ▪ submit a ticket to the Information and Technology Division (ITD) to have the ERP PCard module updated. ▪ update ERP PCard module job aids and training to include updates made to *Immediate Need* and *User Attestation* radio buttons. ▪ communicate with all divisions and districts about the ERP PCard module changes through email. ▪ update the ERP PCard module SharePoint site and link other relevant resources to help with the implementation of ERP PCard module changes.					
MAP Owners:	Mandi Gipson-Mitchell, Accounts Payable Manager, FIN Leigh Bailey, Procurement Support Services Section Director, PRO				

MAP 1.4	**Completion Date:** May 15, 2024	**Division:**	Yes	**District:**	No
The Financial Management Division (FIN) will: ▪ evaluate the programming for the business need user input interface in the enterprise resource planning system (ERP) purchase card (PCard) module to establish required inputs that support the business need for the purchase and prevent the user from moving forward until the required information is entered. ▪ submit a ticket to the Information and Technology Division (ITD) to have the ERP PCard module updated for business need input requirements established. ▪ incorporate the business need topic into ERP PCard module job aids and training to include examples of acceptable business need statements. ▪ communicate with all divisions and districts about the ERP PCard module changes through email. ▪ update the ERP PCard module SharePoint site and link other relevant resources to help with the implementation of ERP PCard module changes.					
MAP Owner:	Mandi Gipson-Mitchell, Accounts Payable Manager, FIN				

MAP 1.5	**Completion Date:** June 15, 2024	**Division:**	Yes	**District:**	Yes
District and Division (D/D) PCard Coordinators will communicate the information provided by the Procurement and Financial Management Divisions (as outlined in MAPs 1.1, 1.2, and 1.3) to their respective D/D cardholders and approving supervisors for implementation.					
MAP Owners:	Division/District PCard Coordinators				

Finding No. 2: Repeat PCard Violators

Condition
Employees from judgmentally selected division/districts (D/Ds) identified with repeat purchase card (PCard) transaction violations did not have PCard privileges suspended or terminated.

Effect/Potential Impact
Employees with 10+ violations continued using PCards and had additional non-compliant transactions totaling $1.3M. In addition, statewide verification responsibility is placed on the Financial Management Division (FIN) pre-pay auditors increases. For the testing period reviewed, a total of 29 pre-pay auditors were identified to have reviewed transactions with violations.

Criteria
State of Texas Procurement and Contract Management Guide (Version 2.1) requires each agency to ensure that the authorized cardholder adheres to all purchasing policies and procedures.

The Purchasing Manual (October 2022) outlines PCard purchasing requirements to include:
- supervisors must review transactions prior to approval to identify discrepancies, fraud, non-compliance with policy, address issues with cardholders, and take appropriate corrective actions.
- District Engineers/Division Directors are responsible and accountable for enforcing policies and procedures and ensuring supervisors address non-compliance by their cardholders.
- Payment Card Administrator may suspend or terminate a PCard at any time to protect TxDOT.

Cause
Supervisor review of PCard transactions did not identify violations (i.e., transactions not adhering to purchasing policy). Approving supervisors were unaware of how to identify violations when reviewing PCard transactions in the enterprise resource planning system PCard module or did not perform a detailed review prior to approval. Approving supervisors are not required to complete the same PCard trainings required of the PCard holders. A required discipline process for repeat violators has not been established. Monitoring for repeat violations and determination of consequences for non-compliance is left to the supervisor discretion.

Evidence
An evaluation of cardholders with repeat violations was performed for all transactions ($1.8M) completed between January 11, 2022 and May 2, 2023 within the sampled D/Ds (see Table 1).

Table 1

Number of Violations	Number of Cardholders	Violation Total	Number of Card Suspensions	Number of Card Terminations
01 – 09 violations	397	$ 0.5M	2	0
10 – 19 violations	50	$ 0.4M	0	0
20 – 99 violations	14	$ 0.2M	0	0
100+ violations	4	$ 0.7M	0	0
Total	**465**	**$ 1.8M**	**2**	**0**

Source: FIN January 2022 – May 2023 violation reports and Procurement Division PCard suspension report for January 2022 to July 2023.

- Of the 465 cardholders with violations, two (<1%) cardholders had card suspensions as a result of PCard violations (i.e., restricted item).
- The top four cardholder violators accounted for 38% of the total violation amount ($711K).
  - Further analysis of the top four cardholder violators found:

- of the total transactions completed by the top four cardholders, violations (i.e., vendor hold, missing business need, workers compensation insurance, etc.) were identified within 46% - 70% of the total transactions these cardholders initiated.
- PCards for these cardholders were never suspended or terminated.

Management Action Plans (MAPs):

MAP 2.1	**Completion Date:** April 15, 2024	**Division:**	Yes	**District:**	No
The Procurement Division (PRO) will: ▪ collaborate with the Financial Management Division (FIN) the District Director of Operations, Human Resources Division, and General Counsel Division to develop a matrix to define consequences for purchasing card (PCard) misuse. The consequences defined in the matrix will align with risk level based on violation type. ▪ update the Purchasing Manual to include the matrix to define consequences for PCard misuse and require approving supervisors to complete procurement card training. ▪ work with division/district (D/D) management and PCard Coordinators (as needed) to ensure consistent application of the matrix to define consequences for PCard misuse. ▪ provide ongoing training and support to employees to help avoid unintentional misuse. ▪ inform all D/Ds of PCard policy and procedure changes through an emailed memo to all cardholders. ▪ upload of the policy and procedure change memo to the Procurement PCard resource page. ▪ work with business partners to create an automated report to identify violation categories and trends to be shared with the districts and divisions.					
MAP Owner:	Leigh Bailey, Procurement Support Services Section Director, PRO				

MAP 2.2	**Completion Date:** May 15, 2024	**Division:**	Yes	**District:**	Yes
District and Division (D/D) procurement card (PCard) Coordinators will communicate the information provided by the Procurement Division (as outlined in MAP 2.1) to their respective D/D cardholders and approving supervisors for implementation.					
MAP Owners:	Division/District PCard Coordinators				

Finding No. 3: Utilization of ERP PCard Module

Condition
The enterprise resource planning system (ERP) purchasing card (PCard) module is not fully being utilized by the Financial Management Division (FIN) pre-pay auditors to document the exact nature of the PCard violation identified and subsequently return the transaction to the PCard holder for resolution.

Effect/Potential Impact
Payments were made for PCard transactions ($509K) with unresolved violations (i.e., transactions not adhering to purchasing policy). Unresolved violations in ERP do not provide documented history to demonstrate resolution of non-compliance or feedback/coaching provided to the cardholder.

Criteria
State of Texas Procurement and Contract Management Guide (Version 2.1) requires each agency to ensure that the authorized cardholder adheres to all purchasing policies and procedures.

The Purchasing Manual (October 2022) outlines PCard purchasing requirements to include cardholders must follow all state and TxDOT purchasing policies/procedures, review all statements monthly, work with the vendor to correct charges, and secure needed documentation for transactions.

Cause
There are no documented standard operating procedures (SOPs) for returning transactions to cardholders for correction. Use of the ERP PCard module to return PCard transactions to the cardholder for correction is left to the discretion of the pre-pay auditor. The timing of when cardholders submit the transaction in ERP did not allow for prompt payment to the financial institution. There is no monitoring performed to verify transactions are submitted within the required timeframe and PCard violations are resolved by the cardholder.

Evidence
A review to evaluate PCard violation resolution and payment was performed for a judgmental sample of 585 transactions ($591K) completed between January 11, 2022, and May 2, 2023.
- 478 of 585 (82%) PCard violations ($509K) were not resolved in ERP.
  - 478 of 478 (100%) unresolved PCard violations were paid to the financial institution.

Management Action Plans (MAPs):

MAP 3.1	**Completion Date:** April 15, 2024	**Division:**	Yes	**District:**	No
The Financial Management Division (FIN) will coordinate with the Procurement Division (PRO) to develop policy and procedures for returning transactions to cardholders for correction before processing vouchers for payment. The policy and procedures will include: ▪ when transactions should be returned to cardholders for correction. ▪ when and what corrections will be made by the FIN Pre-Pay Auditor. ▪ requirements for cardholders to perform timely corrections based on FIN established deadlines. ▪ requirements for approving supervisors to perform timely approval based on FIN established deadlines. ▪ requirements for cardholders and approving supervisors to monitor deadlines and past due submissions. ▪ inform all D/Ds of PCard policy and procedure changes through an email memo to all cardholders and upload it to the Procurement PCard resource page.					
MAP Owner:	Mandi Gipson-Mitchell, Accounts Payable Manager, FIN				

MAP 3.2	**Completion Date:** May 15, 2024	**Division:**	Yes	**District:**	Yes
District and Division (D/D) procurement card (PCard) Coordinators will communicate the information provided by the Procurement Division (as outlined in MAP 3.1) to their respective D/D cardholders and approving supervisors for implementation.					
MAP Owners:	Division/District PCard Coordinators				

Finding No. 4: Vendor Hold Status Verification

Condition
The vendor hold status verification was performed by the purchase card (PCard) holder outside of the allowable time frame (i.e., no more than seven days prior to transaction) or there was no documentation within the enterprise resource planning system (ERP) PCard module to support that the verification was performed.

Effect/Potential Impact
Vendor hold status verification performed outside of the allowable time frame or no documentation within ERP to support verification does not allow for TxDOT to ensure compliance with Texas Government Code for purchases nor proper resolution of PCard violations.

Criteria
Texas Government Code (TGC) §403.055 states the comptroller may not issue payment to a person who is indebted to the state or incurred a tax delinquency.

The State of Texas Procurement and Contract Management Guide published by the Texas Comptroller of Public Accounts (CPA), in accordance with TCG, Chapter 2252.903, states that for transactions over $500 the vendor must be checked against the vendor hold search on the CPA website. The code also states that vendor hold status check is required for all transactions no earlier than seven days and no later than the transaction date.

The Purchasing Manual states that cardholders must complete a vendor "warrant hold" status check no more than seven days prior for transactions greater than $500.

Cause
The vendor hold status verification was not completed by the cardholder prior to purchase. There is no established process to validate completion of vendor hold status verification by the approving supervisor prior to the PCard purchase. The current process to complete a vendor hold status verification does not allow for recreation of the vendor's status at the time of the PCard transactions.

Evidence
A review to evaluate vendor hold status PCard violations was performed for a judgmental sample of 132 transactions ($242K) completed between January 11, 2022, and May 2, 2023.
- 108 of 132 (82%) transactions had vendor hold status documentation that was dated after the PCard transaction date/time.
- 13 of 132 (10%) transactions had vendor hold status documentation that was generated more than seven days before transaction date.
- 5 of 132 (4%) transactions had no vendor hold status documentation within ERP.

Management Action Plans (MAPs):

MAP 4.1	**Completion Date:** January 15, 2024	**Division:**	Yes	**District:**	Yes
District and Division (D/D) procurement card (PCard) Coordinators will communicate the requirements for vendor hold status verification to their respective D/D cardholders and approving supervisors for implementation.					
MAP Owners:	Division/District PCard Coordinators				

MAP 4.2	**Completion Date:** April 15, 2024	**Division:**	Yes	**District:**	No
The Procurement Division (PRO) will monitor PCard violations monthly and provide Administration with a report of violations (to include vendor hold violations) and consequence based on the matrix developed as part of MAP 2.1 for review and approval of the action to be taken.					
MAP Owner:	Leigh Bailey, Procurement Support Services Section Director, PRO				

Summary Results Based on Enterprise Risk Management Framework

The Internal Audit Division uses the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework version 2013.

A defined set of control objectives was utilized to focus on operational and compliance goals for the identified scope areas. Our audit opinion is an assessment of the health of the overall control environment based on (1) the effectiveness of the enterprise risk management activities throughout the audit period and (2) the degree to which the defined control objectives were being met. Our audit opinion is not a guarantee against operational sub-optimization or non-compliance, particularly in areas not included in the scope of this audit.

Audit Results Dashboard PCard Support Evaluation		
		Scope Areas Evaluated
Business Objectives (Reporting, Operational, Compliance)		O, C
ERM Component	Control Activities	PCard Transaction Approval
Control Environment	Organizational Tone	1, 2, 3, 4
	Business Objective/Performance Measures	
	Resource Capacity	
	Forecasting/Budget	
	Training and Development	2
Risk Assessment	Risk Identification/Planning	
	Risk Assessment/Impact Analysis	
	Risk Response/Cost-Benefit Analysis	
	Business Continuity	
Control Activities	Policies/Procedure Development & Maintenance	1, 2, 3, 4
	Review/Approvals	1, 2
	Supporting Evidence/Records Retention	1, 3, 4
	Segregation of Duties	
	Safeguarding Assets	
	General IT Controls	
Information & Communication	Data/Information Classification	
	Data/Information Input	
	Data/Information Processing	
	Data/Information Output	
	Internal and External Reporting	
Monitoring	Evaluations/Inspections	
	Quality Control/Quality Assurance Reviews	2, 3
	Reconciliations	
	Management Assessments	
Scope Area Assessment		

Rating Assessment Grid	Priority 1	Priority 2	Priority 3	Priority 4

Closing Comments

This report is prepared for the Texas Transportation Commission and for the Administration and Management of TxDOT. The report presents the results of the PCard Support Evaluation audit which was conducted as part of the Fiscal Year (FY) 2023 Audit Plan.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and in conformance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Recommendations to mitigate risks identified were provided to management during the engagement to assist in the formulation of the management action plans included in this report.

The results of this audit were discussed with the Financial Management Division Director, Procurement Division Director, Fleet Operations Division Director and Amarillo, Lubbock, Fort Worth, San Angelo, and Tyler District Engineers on November 13, 2023. The Internal Audit Division appreciates the cooperation and assistance received from the personnel contacted during this audit.