

# A Review of the State Property Accounting System

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May 1996

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## Office of the State Auditor

Lawrence F. Alwin, CPA

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*This compliance audit was conducted in accordance with Government Code, §§ 321.0132 and 321.0133.*

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# Key Points Of Report

## A Review of the State Property Accounting System

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### Overall Conclusion

The State Property Accounting System (System) contains reasonable policies and procedures for controlling and protecting the State's personal property. The System, which accounts for about \$5.2 billion in personal property, is being administered in accordance with statutory provisions by the Comptroller of Public Accounts (Comptroller).

### Key Facts and Issues

- State agencies are responsible for an accurate and timely reporting of personal property information to the Comptroller. The Comptroller sets policies and procedures and maintains security and data integrity over electronic data processing for the System.
- The State Property Accounting System contains reasonable policies and procedures for controlling the State's personal property. Although the 42 agencies reviewed are making a reasonable effort to comply with System policies, individual state agencies should make improvements in accounting, controlling, and reporting of personal property. The improvements can provide additional assurance that the data in the System is reliable.
- The Comptroller of Public Accounts is requiring state agencies to resolve a \$435 million personal property valuation difference involving 49 agencies by August 31, 1996. The difference occurred between an initial and a subsequent loading of personal property data by state agencies onto the System. Although the conditions which contributed to the valuation difference no longer exist, the Comptroller is requiring reconciliations to determine if any adjustments to data maintained by the System should be made.
- Issues for future study concerning System policy and potential economy and efficiency savings were identified. With further study, resolution of these issues could lead to modification or improvements in the System.

### Contact

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Lawrence F. Alwin, CPA

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## Executive Summary

**T**he State Property Accounting System (System) is being properly administered by the Comptroller of Public Accounts (Comptroller). Generally, the state agencies tested for compliance with System policies and procedures are making a reasonable effort to comply; however, individual state agencies can make improvements in the controlling and reporting of personal property.

### **The Comptroller Administers State Property Accounting System in Accordance with State Law**

The Comptroller is administering the System in compliance with statutory requirements. The Comptroller issues policies and procedures and maintains security and data integrity over electronic data processing. State agencies are responsible for an accurate and timely reporting of personal property information to the Comptroller. The System began operations in September 1993. This report is the first review of the System.

### **Comptroller EDP Support Can Improve System Security and Procedures**

Access and application controls over the Comptroller's electronic data processing are generally good and are being followed. The review did identify improvements that could be made to better coordinate security of applications on the computer system, improve controls over programmer access to new programs, and improve computer batch data processing.

### **Individual State Agencies Can Improve Compliance with State Property Accounting Policies and Procedures**

The System contains reasonable policies and procedures for controlling the State's personal property. The tests of the data in the System determined that the information in the System can be used for management decisions. However, both controls over the physical items and the individual controls over personal property at individual state agencies can be improved.

State agencies tested in this review are generally making a reasonable effort to comply with System policies. However, individual agencies can make improvements in controlling and reporting on personal property in their custody and complying with System policies and procedures.

Our test of personal property physical attributes such as proper valuation, classification, location, identification, reporting and security determined that controls over personal property in the State should be improved. The most significant issue identified was that about 2.8 percent of individual personal property items tested could not be located. The test of this attribute suggests that individual agency physical controls over property in the State should be improved.

# Executive Summary

Table 1

The test of individual personal property items also determined that:	
97%	of the assets were properly valued
97%	of the assets had appropriate security
93%	of the assets were properly tagged for identification purposes
86%	of the assets were properly classified into State Property Accounting System class codes

These results confirm that the System database has reliable information that can be used for management decisions. However, accuracy of certain types of information about personal property in the System can be improved by individual agencies.

Our test of compliance with personal property controls at 42 state agencies determined that some of the policies and procedures did not have a high level of compliance. Examples of the policies and procedures with higher rates of noncompliance are:

- the inability to reconcile between the entity financial records and the System
- not complying with physical inventory requirements which include not evaluating the condition of the property or having a team of at least two individuals take the inventory
- being delinquent in submitting the annual inventory certification to the Comptroller
- not including all personal property on the System

Currently, it is the responsibility of management at each state agency to ensure the proper fixed asset controls, which include personal property, are in place and are functioning. The Comptroller, the State's accounting officer, assists state agencies in understanding System policies and controls, and serves as the focal point for agencies to

develop uniform controlling and reporting practices over personal property.

## Comptroller Is Requiring State Agencies to Resolve Personal Property Valuation Difference

The Comptroller is requiring state agencies to resolve an unexplained reduction of 186,833 personal property items valued at approximately \$435 million at 49 state agencies which affected the System's beginning balance in September 1993. The difference occurred after initial data was found to have errors and new information was loaded onto the System by state agencies.

The conditions which caused the initial valuation difference have been corrected. Now agencies can only remove personal property from the System by using transaction codes. Also, the Comptroller monitors individual agency transactions in the System.

The Comptroller is asking each of the 49 agencies which had differences to provide a detailed explanation of their differences by August 31, 1996.

## Executive Summary

### Issues for Further Study

Our review identified issues beyond our review scope which impact the usefulness of the System's data and the economy and efficiency of the System. If the Comptroller can resolve these issues, the accuracy and completeness of the data can be improved for use by oversight bodies in the decision-making process. Also, the economy and efficiency of the System could be improved.

Issues areas include:

- clarification of intent and terms in legislation
- identification of oversight body users and their needs
- clarification of responsibility for ensuring compliance and accuracy of information
- improving efficiency in existing systems such as eliminating duplicated efforts and integrating current automated systems
- studying alternatives to determine the best process for accounting for all fixed assets including land, buildings, personal property, and other fixed asset categories

### Summary of Management's Responses

*The Comptroller generally agrees with our recommendations and has begun to address a number of them.*

### Summary of Audit Objectives and Scope

The objectives of this review were to assess the controls within the State Property Accounting System and to determine compliance with the System's requirements.

The scope of the review included: (1) evaluating the policies and procedures related to the controls over the State Property Accounting System by its administrator, the Comptroller of Public Accounts, to determine if they are sufficient to promote control of assets, proper valuation of assets, accurate data submission, proper reconciliation of databases, and proper financial reporting; (2) evaluating access and application controls for the electronic data processing resources allocated to supporting the System; and (3) determining the level of compliance with System policies and procedures at individual state agencies.

## Issues and Recommendations

Section 1:

### **Comptroller Administers State Property Accounting System in Accordance with State Law**

The Comptroller of Public Accounts (Comptroller) administers the State Property Accounting System (System) in accordance with Government Code §§ 403.271 to 403.278 and sound business practices. The Comptroller is responsible for maintaining a centralized State Property Accounting System and has the authority to issue rules to govern use and operation of the System. The Comptroller issues policies and procedures and maintains security and data integrity over electronic data processing procedures in the System. All significant System accounting and reporting controls are performed at the individual state entity level.

We conducted tests of the Comptroller's statutory requirements for operating the System and found no significant variations from statutory provisions. We also tested the Comptroller rules for the implementation of the System, including setting the dollar value amounts in defining capital assets and authorizing exemptions from reporting. We found that these rules generally follow authoritative accounting practices in acquiring, controlling, reporting, valuing, and disposing of personal property which is maintained on the System.

The Comptroller also issues and revises the procedures and controls as changes are made to the System.

Section 2:

### **Comptroller EDP Support Can Improve System Security and Procedures**

Our review of access and application controls over the Comptroller's electronic data processing allocated to supporting the System confirmed that the controls were generally good and were being followed. However, the review did identify improvements that could be made. Generally, the Comptroller's Office has agreed to improve access and application controls discussed in the following findings.

#### **Coordinate Computer Access Changes.**

The two security levels of the State Property Accounting System are not coordinated sufficiently to ensure that appropriate access is being granted. Access to the Comptroller's computer system is controlled by a computer access control utility program maintained by the Comptroller's staff. A second level of computer access security, maintained by state entity property managers, determines which information individuals can access in the System. A user must be authorized access to both levels to have access to the property accounting records. No formal procedures exist to ensure that a change to one system is carried through to the other system.

Currently, 97 of the 497 individuals that have authorization to access property information do not have access to the Comptroller's computer system. Of the current 631 individuals defined in the Comptroller's security system as needing access to the State Property Accounting System, 237 do not have current access in the property manager's system.



## Issues and Recommendations

Under the current conditions, an individual can have inappropriate access to property records or inadequate access to perform duties.

Recommendation:

We recommend that the Comptroller implement procedures to ensure that the two computer system security access levels are coordinated to ensure that only the appropriate access is being granted.

Management's Response:

*We will explore ideas to ensure the security access for the two security systems are the same either through policy and procedures, automation, or generation of reports showing differences between the systems. Current work is in progress to satisfy this issue.*

**Improve Restrictions on Programmer Access to Programs.** Computer programmer access to automated programs within the State Property Accounting System is not adequately restricted. Access is monitored, but currently, two programmers can move updated programs to production.

Inadequate access restrictions increase the chance of unauthorized changes to programs.

Recommendation:

We recommend that programmers be restricted from moving programs to production.

Management's Response:

*During the course of the audit, improved restrictions were made. Programmers can no longer move programs directly into production. Change control personnel are now responsible for physical moves contingent upon approval by management.*

**Enhance Tape Data Input Control.** State Property Accounting System tape input from state agencies is not verified for completeness and accuracy. Submitted batch data should have a means of testing that all records have been processed. A header record containing information about the number of records in the file and a total of a numeric field would enable testing of the records processed against the supplied batch totals.

The absence of batch verification increases the chance that all records are not being processed.

Recommendation:

We recommend that tape submissions contain header records with summary totals and that batches are verified using this information.

Management's Response:

*This recommendation is currently under analysis for cost benefit and impact to state agencies. If acted upon, this proposed change will require state agencies using tape transmissions to modify their existing programs in order to comply with this new requirement.*

## Issues and Recommendations

Section 3:

### Individual State Agencies Can Improve Compliance with State Property Accounting Policies and Procedures

The State Property Accounting System contains reasonable policies and procedures for controlling and protecting the State's personal property. Our personal property physical attribute tests for valuation, classification, control, and reporting verified that personal property is being adequately managed. Our tests of internal controls at 42 individual agencies determined that state agencies are generally making a reasonable effort to comply with State Property Accounting System policies.

However, based on tests of physical attributes and internal controls at 42 state agencies, improvements can be made by individual agencies in controlling and reporting personal property in the System. Improvements needed in individual agencies varied widely and were discussed with agency management. Sound personal property controls can ensure that the data in the System is reliable.

A list of the 42 agencies reviewed are included in Appendix 3.

**Test of Personal Property Physical Attributes.** Our test of six personal property physical attributes determined that the State's personal property is being reasonably managed. However, improvements in physical controls over personal property could be made by individual state agencies to fully comply with System policies and improve accountability for the State's personal property. Our physical attribute tests were for proper valuation, proper classification,

location (control), identification, reporting, and security.

The most significant issue found was that three items of personal property could not be located from a representative sample of 105 individual line items which were selected from about 1,000,000 items on the State Property Accounting System. The sample error rate of unlocated property was 2.8 percent. The value of the three unlocated items is not a significant issue since each of the three personal property items would be fully depreciated using Internal Revenue Service depreciation guidelines. However, this result does suggest that individual agency physical controls over property in the State could be improved.

Table 2

Other results of the physical attribute test include:	
97%	of the assets in the sample were properly valued
97%	of the assets had appropriate security
93%	of the assets were properly tagged for identification purposes
86%	of the assets were properly classified into State Property Accounting System class codes

These results also confirm that the System database has reliable information that can be used for management decisions. However, the accuracy of information, such as proper class coding and property tagging, can be improved by individual agencies.

**Test of Compliance with Personal Property Controls at State Agencies.** Results of our

## Issues and Recommendations

test of compliance with personal property controls at 42 state agencies disclose that, generally, reasonable efforts are exerted to comply with System policies and state law. However, improvements can be made to strengthen internal control over personal property at the individual state agencies. Failure to follow System policies or state laws may result in the loss of state property.

The property control improvements needed varied widely by agency.

The following are the areas where the noncompliance with personal property controls was the greatest:

- 19 of 42 agencies could not or did not perform quarterly reconciliations between their records and the System
- 19 of 42 agencies did not comply with physical inventory requirements for personal property, such as evaluating the condition of property and having a team of two or more individuals take the inventory
- 16 of 42 agencies were delinquent in submitting the *Certification of Physical Inventory Conducted Agency*
- 14 of 42 agencies did not have someone independent of the custodial function perform the annual physical inventory of personal property
- 12 of 42 agencies assigned personnel who had responsibility for the custody of personal property to conduct the inventory
- 9 of 42 agencies were found to have at least one personal property item such as capital assets, debt-financed assets, or

controlled assets that was not entered on the State Property Accounting System

- 9 of 42 agencies do not or had not provided employees with a copy of the State Property Responsibility Act and maintained signed receipts in personnel files
- 9 of 42 agencies did not follow the established betterment and replacement procedures
- 8 of 42 agencies did not follow the established procedures for recording trade-ins
- 8 of 42 agencies responded that physical inspections of items to be deleted as obsolete, worn out, or uneconomical to repair were not made by a knowledgeable employee separate from personal property record keeping and custodial functions
- 8 of 42 agencies responded that the duties of data authorization, data input, and correction of deletions were not distributed among at least two people
- 8 of 29 reporting agencies did not have a disaster recovery plan

Compliance with System policies and procedures will provide additional assurance that the information in the database is reliable.

It is the responsibility of management at each state entity to ensure that proper fixed asset controls, which include personal property, are in place and are functioning. Those controls should effectively address proper valuation, proper classification, location (control), identification, reporting, and security for fixed assets which include personal property. The Comptroller, the State's accounting officer,

## Issues and Recommendations

should assist state agencies in understanding System policies and controls. The Comptroller should also serve as the focal point for agencies to develop uniform fixed asset accounting practices to enhance controls over personal property.

### Management's Response:

*The Comptroller currently assists state agencies in understanding system policies and controls by offering a full-time functional support group, offering training classes to all state agencies, and actively participating in the State Property Accounting User's Group. Further, the Comptroller requires each agency to certify the results of their Comprehensive Annual Physical Inventory.*

*The Comptroller further serves as the focal point for development of uniform fixed asset accounting practices to enhance controls over personal property by participating in the State Property Accounting User's group and by serving as general liaison between the Office of the State Auditor and the individual state agencies.*

Section 4:

### **Comptroller's Office Is Requiring State Agencies to Resolve Personal Property Valuation Difference**

The Comptroller is requiring state agencies to resolve an unexplained reduction of 186,833 personal property items valued at approximately \$435 million at 49 state agencies which affected the State Property Accounting System's beginning balance. The difference occurred between an initial and a subsequent loading of information into the

State Property Accounting computer system beginning in September 1993.

After the initial loading of data, a variety of errors in the data were identified. The Comptroller removed the initial information, gathered new or additional personal property information from various agencies, and loaded the new data into the System. The difference in the number of items and the valuation resubmitted by state agencies occurred in this process.

The conditions which caused the initial valuation difference have been corrected. Current transactions on the System must use codes that define the category of addition or deduction. As a result of the initial valuation difference, the Comptroller now monitors agency transactions.

The Comptroller is asking each of the 49 agencies which had differences to provide a detailed explanation of their differences by August 31, 1996. The Comptroller's Office has provided a detailed listing of the property number, valuation, and property description to each of the 49 agencies to assist in their research. If the explanations are not completed and appropriate adjustments made, some personal property may not be adequately controlled.

Of the total items and valuation, the Comptroller has identified 26,314 items with a value of \$327.7 million that should be capitalized or should have proper documentation attesting to why those items are not capitalized. The remaining 160,569 items valued at approximately \$108 million will require research to determine if they are to be capitalized as controlled items, which are defined in System policies, or if they can be removed from the System.

## Issues and Recommendations

When this process is complete, the Comptroller will be able to adjust the number and value of items in the System, thus improving the accountability for the State's personal property.

### Recommendation:

We recommend that the Comptroller resolve the personal property valuation difference.

### Management's Response:

*The Comptroller has a database of the property to be reconciled and is monitoring agency compliance to identify the items. As of May 1996, state agencies identified and reconciled 70 percent of the amount no question; \$303 million of the \$435 million total. Agencies who do not or can not provide the required information by August 31, 1996 will be referred to the Office of the State Auditor.*

Section 5:

### **Issues for Further Study**

Based on our review, we collected information that, with further study, could lead to modifications or improvements in economy or efficiency for the System. Information related to these issues have been shared with the Comptroller.

**State Property Accounting legislation does not clearly define whether or to what extent the System should be part of the Uniform Statewide Accounting System or what use was intended for the System.** Government Code § 403.271 states that the System should account for fixed assets "insofar as possible." Fixed assets include personal property. Currently, the potential

exists to use the System as the detailed ledger for all fixed asset accounts in the Uniform Statewide Accounting System. The System could also be used to assist in property salvage processes, provide detailed information on the types of fixed assets owned by the State, and provide budgetary information. Clear intent for the use of the System would be helpful in determining the resources necessary to achieve desired goals for the System.

**State Property Accounting legislation does not clearly define the term "fixed assets" and the intent of Government Code § 403.271 in relation to recording information related to land, buildings, infrastructure, and other fixed asset categories.** Government Code §§ 403.271(a), (b) and (d) address personal property which is only one category of fixed assets. By clarifying the intent of the legislation, the Legislature could create a central repository for information related to all categories of fixed assets, including real and personal property. Thus, the Legislature could have one central location that would provide them with data useful in budget decision processes.

In accounting terminology, the term "fixed assets" generally refers to all tangible assets with limited lives which benefit more than one complete or normal business cycle, usually one year. Currently, the System concentrates primarily on furniture and equipment with a value of \$1,000 or more. If the legislation was intended to require all fixed assets be placed on the System, changes to the General Land Office's responsibility to maintain records for the State's land and buildings were not defined. Currently, detailed information on three major classes of fixed assets, land, buildings, and personal property, is maintained by two different state agencies. The creation of a unified system for reporting

## Issues and Recommendations

all fixed assets could provide useful information to state oversight bodies.

**No oversight organizations were identified as routine users of the State Property Accounting System information for decision-making.** Also, some of the agencies who are identified as internal users (agencies which are expected to rely on the System as its accounting record) continue to maintain their own internal fixed asset system in addition to the System. Thus, benefits of the System are not widely used. Alterations of the existing personal property system or research on alternative fixed asset systems, which include personal property based on user needs, could improve the effectiveness of the System. Potentially, the System could, with development, provide information for budgets, surplus property, and estimates of rates of replacement for all fixed assets, as well as the detail accounting level of the Uniform State Accounting System fixed asset control account. Establishing who is to use the data and what data would be useful would assist in determining how the System is to operate and what resources would be necessary to support the System.

**The responsibility for ensuring the compliance and accuracy of information and monitoring transactions on the System is not clearly defined.** Although the Comptroller administers the System, the extent of the Comptroller's authority to require compliance and accuracy is not clear. Agency management has responsibility for the accuracy and completeness of financial information but no one monitors the degree of compliance by agency management. The agency internal auditors have no specific responsibility to ensure compliance and accuracy with System policies. They may include the agency system in a risk evaluation for the agency. There are few penalties for noncompliance with System policies.

The Comptroller's State Property Accounting section does monitor personal property balance fluctuations. The Comptroller suggests that resources are not available to effectively monitor the System since most of the controls and source information is at the agency level. Defining the extent of the Comptroller's authority to require compliance and accuracy would allow the Comptroller to improve the effectiveness of the System in delivering useful data to System users and oversight bodies.

**Some agencies continue to maintain their own internal property accounting systems as well as submitting detail transactions to the State Property Accounting System.** Some agencies insist that the System does not provide personal property information on a timely basis and in the detail needed. Because some duplication of fixed asset systems which include personal property exists, it is likely that cost savings can be made by determining how the current or future systems can be modified to provide information so that the duplication can be minimized or eliminated. Because records are not maintained by agencies for work performed on the System and on their own systems, quantification of costs could not be estimated.

**Whether the current property accounting system is the best process for accounting for fixed assets has not been determined by comparison with alternatives.** The current system came from the General Services Commission and was modified to its current configuration. This system was implemented instead of the Fixed Asset System, known as FAS, a module of the Uniform Statewide Accounting System. No documentation is available to support a comparison of the advantages and disadvantages for fixed assets accounting systems. A fully integrated, comprehensive

## Issues and Recommendations

fixed asset system would benefit the State's accounting and reporting process.

**The State's Uniform Statewide Accounting System and the State Property Accounting System are not integrated which results in agency personnel having to make data entry to each system rather than making only one entry.** This condition is not effective for state agencies. However, at present, no procedures exist that would allow agencies to make one data entry that would affect both systems. A procedure to allow one entry to be processed into both systems would improve clerical efficiency in state agencies that use the State Property Accounting System as the primary personal property accounting record. State agencies do not have records available to estimate the number or the cost of the dual entries, but about 130 agencies rely on both systems for their financial data.

**Consolidation of full life cycle management of fixed assets at one agency for all other state agencies has not been included in the planning, controlling, and disposition of fixed assets.** Without a single fixed asset manager for all state agencies managing the full life cycle of fixed assets, the State does not effectively coordinate the transfer and disposition of fixed assets from all state agencies. With a full life cycle system for managing fixed assets, the State may be able to avoid expenditures by better utilizing fixed assets through a more efficient redistribution of existing assets. The avoidance of expenditures can help preserve limited funds.

The Comptroller can improve the effectiveness and efficiency of the State Property Accounting System by resolving the issues listed in this section. Some issues may require changes to state law, realignment of responsibilities, or reallocation of resources to

maintain and operate the system at maximum effectiveness and efficiency.

### Management's Response:

*The Comptroller agrees there may be opportunities available at the state level to improve the management, control, and utilization of the state's fixed assets. However, any actions taken with regard to addressing these issues should be evaluated for cost benefit to the state.*

*Prior to implementation of the Comptroller's State Property Accounting System, a minimal amount of information on personal property was collected centrally at various times throughout the fiscal year. During this time, the state had no centralized information available for current property holdings by state agencies and did not have sufficient amounts of information available for decision-making and management purposes. With the inception of the State Property Accounting (SPA) system, significantly more information began to be collected regarding the state's property including but not limited to source of funding, disposal method, debt-finance information, general ledger data, useful like information, and data concerning revenues realized from sale of surplus property. Additionally, the SPA System was designed to perform many management functions regarding state property functions for oversight agencies. The SPA System is now used by the General Services Commission for the worldwide advertising of state and federal surplus property. SPA is also used by the State Auditor's Office for gathering statistics and performing trend analysis. SPA is used by the Texas Worker's Compensation Commission to prepare their statutory annual Risk Management Report. SPA is also designed to be used by the Texas Public Finance Authority to track personal property*

## Issues and Recommendations

*financed with Master Equipment Lease Purchase Program funds. Prior to SPA, these processes were performed manually and involved duplication of effort by state agencies to provide each oversight entity with information. SPA also has capabilities which are not currently being used such as the capability to calculate depreciation, ability to provide equipment replacement forecasts, and other information to assist in budgeting and planning at the statewide level. We agree that roles and responsibilities with regard to*

*compliance and accuracy of information need to be thoroughly defined. The Auditor, in this report states we are meeting our statutory obligations with regard to administering the system. We believe that there may be further steps we can take in working with agencies and the State Auditor's Office to provide information to those entities that would enable them to audit or validate the information in the system and we are willing to explore those possibilities. However, we feel that until there are actually audits taking place, information may not be as accurate as it could be.*



# Appendices

Appendix 1:

## Objectives, Scope, And Methodology

### Objectives

The objectives of the review were:

- to assess the controls within the State Property Accounting System in accordance with generally accepted auditing standards and generally accepted governmental auditing standards
- to determine compliance with the State's reporting requirements and State Property Accounting System requirements.

The scope of the audit focused on the major management area of resource management of the fixed asset infrastructure.

To accomplish these objectives, we performed the following procedures:

- Evaluated the policies and procedures related to the controls over the State Property Accounting System at the Comptroller's Office by testing compliance and controls to determine if they were sufficient to promote control of assets, proper valuation of assets, accurate data submission, proper reconciliation of databases, and proper financial reporting.
- Evaluated the access and application controls for the electronic data processing resources allocated to supporting the State Property Accounting System through interviews and tests of controls.
- Determined the level of compliance with State Property Accounting System policies and procedures at 42 state agencies through the testing and

sampling of furniture and equipment attributes.

### Other Information

Fieldwork was performed from April 1995 to January 1996. The review was performed in accordance with generally accepted government auditing standards.

The audit work was performed by the following member of the State Auditor's Office:

- Larry Vinyard, CPA, CIA  
Project Manager
- L. Kanette Blomberg, CPA
- Kenneth O. Dike, CPA
- Michelle A. Duncan
- David V. Launey
- Ronald D. Oaks, CGFM
- Robert D. Shultz, CISA
- Paul H. Hagen, CPA (Audit Manager)
- Craig D. Kinton, CPA (Audit Director)
- Members of Audit Teams at Five Other Engagements

Members of 11 Internal Audit Departments including:

- Office of the Attorney General
- Texas Rehabilitation Commission
- The University of Texas M.D. Anderson Cancer Center
- Texas Department of Transportation
- Texas Department of Mental Health and Mental Retardation
- The University of Texas at Arlington
- The University of Texas at Austin
- The University of Texas Medical Branch at Galveston
- The University of Texas at El Paso

## Appendices

- University of North Texas
- Stephen F. Austin State University

Appendix 2:

### Background Information

Texas Government Code § 403.271, Property Accounting System, establishes the Comptroller of Public Accounts' responsibility to "... administer the property accounting system and maintain centralized records based on information supplied by state

agencies and the uniform statewide accounting system." When this review began, the Comptroller was maintaining information on more than 1,000,000 line items of property with historical cost value of more than \$5.2 billion. Responsibility for the operation of a property system was transferred from the General Services Commission to the Comptroller of Public Accounts in October 1993. This is the first review of the System since the Comptroller assumed responsibility for the information.

Appendix 3:

### Agencies Tested for Compliance with State Property Accounting Controls

The following list of state agencies and universities were tested for compliance with the State Property Accounting System controls. The agencies and universities were tested because they were associated with personal property items selected from the State Property Accounting System database for attribute tests.

Table 3

State Agencies and Universities			
Agency No.	Agency Name	Agency No.	Agency Name
102	House of Representatives	710	Texas A&M University System
302	Office of the Attorney General	711	Texas A&M University
304	Comptroller of Public Accounts	714	The University of Texas at Arlington
324	Department of Human Services	715	Prairie View A&M University
330	Texas Rehabilitation Commission	719	Texas State Technical College System
362	Texas Lottery Commission	721	The University of Texas at Austin
405	Department of Public Safety	723	The University of Texas Medical Branch at Galveston
411	Texas Commission on Fire Protection	724	The University of Texas at El Paso

## Appendices

Table 3 (continued)

454	Texas Department of Insurance	729	The University of Texas Southwestern Medical Center at Dallas
460	Board of Registration for Professional Engineers	730	University of Houston
472	Texas Structural Pest Control Board	733	Texas Tech University
501	Texas Department of Health	735	Midwestern State University
506	The University of Texas M. D. Anderson Cancer Center	737	Angelo State University
530	Texas Department of Protective and Regulatory Services	745	The University of Texas Health Science Center at San Antonio
554	Texas Animal Health Commission	752	University of North Texas
556	Texas Agricultural Experiment Station	753	Sam Houston State University
557	Texas A&M Veterinary Medical Diagnostic Laboratory	754	Southwest Texas State University
601	Texas Department of Transportation	755	Stephen F. Austin State University
655	Texas Department of Mental Health and Mental Retardation	756	Sul Ross State University
696	Texas Department of Criminal Justice	757	West Texas A&M University
701	Texas Education Agency	784	University of Houston - Downtown

## Appendices

Appendix 4:

### Released Reports Containing Findings on Personal Property

At the date of the release of this report, four other management control audit reports released by the State Auditor's Office since September 1, 1995, contained findings on personal property.

Table 4

Report Release Date	Report Number	Agency Number	Agency Name
September 13, 1995	96-001	655	Texas Department of Mental Health and Mental Retardation
September 13, 1995	96-002	655	Texas Department of Mental Health and Mental Retardation
November 1, 1995	96-017	460	Board of Registration for Professional Engineers
November 29, 1995	96-024	472	Texas Structural Pest Control Board