



A Legislative Summary Document Regarding **Rehabilitation Commission**

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State Auditor's Observations

The Rehabilitation Commission (Commission) had weaknesses in fund balance management and in controls over travel advance and petty cash funds.

We are currently conducting financial, contracting, and human resources audit work at the Commission and will release our audit report in late spring 2003.

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

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SAO No. 03-325

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.

Rehabilitation Commission

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Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

An Audit Report on State Entity Management of Travel Advance and Petty Cash Funds

(Report No. 02-070, August 2002)

Weaknesses in fund balance management at the Rehabilitation Commission (Commission):

Three of the agencies we audited appear to have petty cash fund balances that they did not use or that were larger than necessary. In the case of the Commission, the Austin Regional Office maintained a \$4,000 petty cash fund that it did not use, and its Houston District Office maintained a \$4,000 petty cash fund from which its total monthly activity averaged \$25 during an eight-month period in fiscal year 2002. Additionally, both offices paid bank service charges to maintain these petty cash fund accounts in local banks outside the State Treasury. The Commission's overall petty cash fund balance was \$24,000, but its petty cash fund expenditures per month for fiscal years 2000 and 2001 averaged \$500.

**Status of Audit Recommendations as of
November 30, 2002**

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

Weaknesses in controls over travel advance and petty cash:

The Commission's Austin Regional Office did not reconcile petty cash funds with bank statements and did not ensure that employees reviewed and approved reconciliations.

An Audit Report on 19 Agencies' Compliance With Historically Underutilized Business Requirements

(Report No. 01-035, August 2001)

For fiscal year 2000, the Rehabilitation Commission (Commission) did not fully comply with historically underutilized business (HUB) requirements in Texas Administrative Code (TAC) and Chapters 111 and 2161 of the Texas Government Code. However, we have determined that the Commission made a "good-faith effort" to comply with HUB requirements.

| Results of Entity Compliance With Historically Underutilized Business (HUB) Requirements - Fiscal Year 2000 | | | | |
|---|---------------------------|--|---------------------------|---|
| Compliance Requirement | | | | Did the Entity Make a "Good-Faith Effort"? ^b |
| Planning | Outreach ^a | Reporting | Subcontracting | |
| No specific HUB programs mentioned in the strategic plan (Texas Government Code, Section 2161.123) | No material noncompliance | Over-reported the number of bids submitted and the number of contracts awarded (TAC, Section 111.16) | No material noncompliance | Yes |

^a Most of the agencies had not developed and implemented a mentor protégé program during fiscal year 2000. Of the HUB requirements, the mentor protégé program requirement had the latest effective date (June 2000). The agencies indicated there was not enough time to design and implement the program in the last quarter of the fiscal year.

^b The State Auditor's Office, in consultation with the General Services Commission, determined that an entity did not make a "good-faith effort" if it had noncompliance in at least three of the four basic HUB areas: planning, outreach, reporting, and subcontracting. (The General Services Commission was abolished effective September 1, 2001, and the newly created Texas Building and Procurement Commission subsequently assumed most of its responsibilities.)

Status of Corrective Action: In December 2002, the Commission reported that it had implemented all four of the recommendations in this audit report. This information has not been audited.

Rehabilitation Commission

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Information System Vulnerability Assessments

The State Auditor's Office (SAO) and/or the Department of Information Resources performed one or more information system vulnerability assessments at the Rehabilitation Commission between January 2000 and November 2002. Detailed results of this work are confidential under Texas Government Code, Section 2054.077(c). The SAO's Legislative Summary Document titled "Information System Vulnerability Assessments" provides general information about the results of information system vulnerability assessments.

Travel Expenditures

| Travel Expenditures by Appropriation Year (unaudited) | | | |
|---|---------------------|---------------------|----------------------|
| | 2000 | 2001 | 2002 |
| In-State Travel | \$ 1,332,954 | \$ 1,241,066 | \$ 1,259,442 |
| Out-of-State Travel | 109,354 | 107,940 | 67,489 |
| Foreign Travel | - | - | - |
| Other Travel Costs | (3,966) | - | 461 |
| Total Travel Expenditures | \$ 1,438,342 | \$ 1,349,006 | \$ 1,327,393 |
| Limit on Travel Expenditures (Cap) | 1,947,102 | 1,947,102 | 109,354 ^a |
| Expenditures in Excess of Cap | \$ 0 | \$ 0 | \$ 0 |

^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 Commission and approved by the Legislative Budget Board in accordance with the General Appropriations Act.

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.