

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit of the Travel activities at TDHCA

Audit Report # 25-004

Executive Summary

The Office of Internal Audit (OIA) performed an audit of the Travel activities at TDHCA, to evaluate and assess its processes and procedures, as well internal controls and rules related to travel activities and transactions.

Based on our review and testing, the travel activities at TDHCA appear to be managed properly and in compliance with applicable laws and requirements. We had observations related to training and training materials and made recommendations to management. Details of our recommendations are included in the report.

Observations and Recommendations

- OIA recommends that management review and revise all available materials related to travel expenses on a regular and on-going basis and offer more in-depth training to staff.

Objective, Scope, and Methodology

Our scope included a review of the applicable TX Gov's Code (Section 660), related SOPs, and manual and training materials available on the TDHCA intranet. We also sent out a brief survey to all TDHCA employees and management in order to evaluate their understanding and knowledge of the travel and expense report requirements; and performed testing on a selected number of travel-related transactions to ensure accuracy and completeness of back-up documentation.



Mark Scott, CPA, CIA, CISA, CFE, MBA
Director, Internal Audit

5/23/25
Date Signed



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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May 23, 2025

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Board Members of the Texas Department of Housing and Community Affairs ("TDHCA")

RE: Internal Audit of the Travel activities at TDHCA

Dear Board Members:

This report presents the results of the Office of Internal Audit ("OIA") "*Audit of the Travel activities at TDHCA*". This audit was conducted in accordance with applicable audit standards. It includes the objectives of assessing and evaluating the internal controls related to the travel activities and transactions; and reviewing back-up documentation for accuracy, completeness, and compliance with applicable rules and regulations. Travel activities were identified during the fiscal year 2025 risk assessment and rated high on the risk assessment matrix due to lack of any recent internal audits of the function.

For this audit we reviewed applicable TX Gov Code (Section 660), related SOPs, and manual and training materials available on the TDHCA intranet. We also sent out a brief survey to all TDHCA staff to evaluate their understanding and knowledge of the travel and expense report requirements.

This report includes the following sections:

- A. Overall Result
- B. Rules and Requirements
- C. Scope and Methodology
- D. Roles and responsibilities
- E. Testing and Recommendations

A. Overall Results

Based on our review and testing the travel activities at TDHCA appear to be managed properly and in compliance with applicable laws and requirements. We had observations related to training and training materials and made recommendations to management. Details of our recommendations are included in the latter section of this report.

B. Rules and Requirements

TX Gov Code Chapter 660, Travel Regulation Act, governs the procedures, amounts, timing, limits, required documentation, permissible payees, distinctions among different types of state employees, and all other details concerning travel expense payments or reimbursements by a state agency. Employees are entitled to reimbursement of certain travel expenses required by the Department to conduct official state business. The amount of reimbursement is subject to certain limitations as prescribed by Texas Government Code, Chapter 660, the General Appropriations Act and rules adopted by the Texas Comptroller.

The Texas Comptroller of Public Accounts created Textravel¹ to provide information on state travel laws and rules to state-agency employees. State agencies are required to properly train employees on travel regulations and keep them informed of any changes in travel rules, and ensure that all travel reimbursements are examined before payments are made, in order to ensure compliance with all applicable regulations and limitations.

TX Gov's Code, Sec 660.029 (a)

"A state agency shall instruct its state employees about this chapter, the travel provisions of the General Appropriations Act, and the rules adopted by the comptroller under this chapter".

State agencies are required to reimburse an employee for travel expenses no later than 45 days after the employee submits a complete and accurate travel voucher.² TX Gov's Code, Sec 660.007, requires state agencies to minimize the amount of travel expenses reimbursed, by

¹ [Fmx.cpa.texas.gov/fmx/travel/textrave/index.php](http://fmxcpa.texas.gov/fmx/travel/textrave/index.php)

² TX Gov's Code, Sec 600.019

ensuring that each travel arrangement is the most cost-effective, considering all relevant circumstances. Agencies are solely responsible for enforcing their own internal policies, which may specify a travel expense reimbursement rate that is less than the maximum rate allowed by law.

C. Scope and Methodology

Our scope included a review of the applicable TX Gov's Code (Section 660), related SOPs, and manual and training materials available on TDHCA intranet. We also sent out a brief survey to all TDHCA employees and management in order to evaluate their understanding and knowledge of the travel and expense report requirements and performed testing on a selected number of travel related transactions to ensure accuracy and completeness of back-up documentation.

D. Roles and Responsibilities

State Employees

State employees must ensure that their travel expenses comply with applicable laws and rules and must not seek reimbursement for travel expenses that the employee should reasonably know are not reimbursable. Employees should select the most cost-effective method of transportation available to conduct official state business.

TDHCA

The Department must properly train employees on travel regulations and keep them informed of any changes in travel rules. The Department must ensure that all travel reimbursements are examined prior to payment, in order to ensure compliance with all applicable regulations and limitations.

Management

Management is responsible for informing employees of all travel policies and procedures and ensuring that employees plan travel in the most efficient and cost-effective manner, considering all relevant circumstances. Direct managers review and electronically authorize and approve travel expenses prior to employee departure through electronic submission of a Travel Authorization (TA) form.

State Travel Management Program (STMP)

STMP staff negotiate and administer statewide contracts with travel suppliers, including travel card systems, airlines, rental car companies, lodging providers, and travel agencies. All state employees are required to use the state contracts unless an approved exception condition exists. Exception could include lower cost than the contracted travel services, or unavailability of contract travel services for a specific location or during a specific time.

Travel Coordinator (Travel Auditor)

The travel coordinator is responsible for reviewing each expense report for compliance with the Department's SOP, Textravel and STMP travel rules and regulations. The completed expense report is then submitted to the Financial Services Manager for final review and release to the Texas Comptroller for payment.

Texas Comptroller

The Comptroller is required by law to properly audit all claims submitted for payment. Therefore, travel-payment transactions are subject to audit regardless of amount or materiality.

E. Testing and Recommendations

For this audit, we requested the list of all travel related transactions, in-state and out of state, from the beginning of fiscal year 2025 until the start of our testing (September 1st 2024 – April 22nd 2025). We randomly selected 17 transactions that were more than \$200. The selected sample consisted of 13 in-state and four out of state transactions. The sample was reviewed for accuracy, completeness of documentation, and compliance with applicable laws. OIA did not identify any areas of non-compliance in the selected sample.

The Texas Comptroller of Public Account performed a Post-Payment audit of TDHCA in 2021, which resulted in two findings related to travel activities and transactions. We included those two findings in our testing attributes for our selected sample and found that the recommendations and corrective actions have been implemented. The two findings were:

- Missing Amount Change Approval
- Missing Proof of Payment

We also conducted an anonymous online survey through SurveyMonkey to gain an understanding of employees' experience with Travel Authorization and Expense Report processes, and their knowledge and comfort level with the rules and requirements. The results were mostly positive and Financial Administration staff, specifically the travel coordinator, were praised for their hard work and dedication in helping employees with their expense reports. Another common denominator in the responses we received was related to employees' knowledge of the processes and requirements. The majority expressed their need for additional training and more clear guidance on how to complete and submit their expense reports. It appears that corrections to submitted expense reports are common and employees expressed their desire to learn more about documentation requirements to ensure that their expense reports are complete and accurate when submitted, and to avoid the need for corrections. We received several comments related to more in-depth training and training materials. The travel coordinator has informed us, at the beginning of this audit, that he was in the process of preparing a new set of training Power Point presentations for employees, that would be more detailed than the current one and would explain the process step by step.

In reviewing the travel related materials available on the intranet, we noticed that some materials are outdated, and some links don't work anymore. Although the correct materials and links can be accessed directly online, and staff seems to be using the correct information in processing travel expenses, it would be beneficial to have up-to-date information available on the Department's intranet.

Observation Number	Status Pertaining to the Recommendations and Action to be Taken	Target Completion Date	Responsible Party
25-004.01	OIA recommends that management review and revise all available materials related to travel expenses on regular and on-going basis, and to offer more in depth trainings to staff.	August 31, 2025	Manager of Financial Services

Management Response

Management acknowledges the observation regarding the need for more in-depth training for staff on travel expense documentation and the importance of maintaining updated materials on the intranet. Management will expedite the development of updated training materials and ensure that all relevant links and resources are current and accessible to staff. Additionally, management will reinforce the importance of submitting complete and accurate travel documentation to reduce the frequency of corrections and streamline the review process.

We conducted this performance audit in accordance with applicable auditing standards. We provided our observation and recommendation based on evidence obtained through our reviews and based on our audit objectives.

We extend our appreciation to Financial Administration management and staff for their cooperation and assistance during this audit.

Sincerely,



Mark Scott, CPA, CIA, CISA, CFE, MBA
Internal Audit Director

MS/NS