



OFFICE OF THE STATE AUDITOR

TWO COMMODORE PLAZA
206 EAST NINTH STREET, SUITE 1900

AUSTIN, TEXAS 78701

LAWRENCE F. ALWIN,

State Auditor

February 2, 1998

Members of the Legislative Audit Committee:

The General Revenue Fund is being reimbursed for unemployment and workers' compensation benefits in a timely manner from the appropriate source funds. However, the consistency in methods used to determine the source funds for unemployment benefit reimbursement could be improved.

Agencies and universities are required to reimburse the General Revenue Fund for any benefits paid on their behalf from the agency or university funds that actually paid the related salaries. Timeliness and accuracy of these reimbursements were the focus of this audit in satisfaction of the statutory requirements of House Bill 1, (General Appropriations Act), 74th Legislature, Regular Session, Article IX, Sections 74 and 75. The audit covered the 1996 and 1997 fiscal years.

Summary of Findings:

- **Agency and university quarterly reimbursements to the General Revenue Fund were timely.**

The State Auditor's Office reported in December 1996 (*A Follow-Up Report on Reimbursement to the General Revenue Fund for Unemployment and Workers' Compensation Benefits Paid to State Employees*, SAO Report 97-023) that the timeliness of reimbursements was a statewide issue. The oversight agencies, which include the Texas Workforce Commission, the State Office of Risk Management, and the Comptroller of Public Accounts, have implemented all our recommendations and timeliness is no longer a problem.

- **For fiscal years 1996 and 1997, the agencies and the university we reviewed have made adequate quarterly reimbursements.**

All unemployment and workers' compensation benefit reimbursements to the General Revenue Fund made by the entities tested were charged to the appropriate fund. No significant errors were noted.

- **Agencies and universities should use a consistent method to determine the source fund responsibility for unemployment benefit reimbursement.**

Currently, a variety of methods are being used to compute the amount and the source fund of the reimbursement for unemployment benefits. Variances in the amount and source fund of the reimbursement resulted from the use of these different methods. The variance on a

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statewide basis is unknown. Therefore, a need exists for consistency to prevent potential problems or confusion in the area. The management of the Texas Workforce Commission and the Comptroller of Public Accounts are in full agreement with this recommendation.

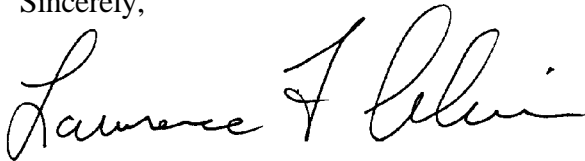
The State Auditor's Office is working with the oversight agencies to develop directives that will ensure consistency in allocating reimbursements.

We conducted detailed testing at three agencies and universities:

- Southwest Texas State University
- Texas Commission on Alcohol and Drug Abuse
- Texas Department of Criminal Justice

Additional information about this audit can be obtained by contacting Frank N. Vito, Audit Manager, at 479-4700.

Sincerely,



Lawrence F. Alwin, CPA
State Auditor

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cc: The Honorable John Sharp, Comptroller of Public Accounts
Mr. Mike Sheridan, Executive Director, Texas Workforce Commission
Mr. Bruce Birdwell, Executive Director, State Office of Risk Management
Dr. Jerome H. Supple, President, Southwest Texas State University
Ms. Terry-Faye Bleier, Executive Director, Texas Commission on Alcohol and Drug Abuse
Mr. Wayne Scott, Executive Director, Texas Department of Criminal Justice