

Fiscal Management Division
Expenditure Audit Section
Auditor: Randy Taylor

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Post-Payment Audit of University of Houston – Victoria



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EXECUTIVE SUMMARY

Audit scope

A sample of UHV of Houston-Victoria (UHV) payroll, purchase, travel, refund of revenue and grant transactions that processed through USAS during the period beginning Sept. 1, 2012, through Aug. 31, 2013, was audited to determine compliance with applicable state laws.

The audited agency or institution of higher education receives appendices with the full report that may include a list of the identified errors and an errors projection to estimate the amount of improperly paid transactions. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

The audit provides a reasonable basis for the findings set forth in this report. UHV should implement the recommendations listed in the Detailed Findings of this report. It is UHV's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Texas Comptroller of Public Accounts (Comptroller's office) may take the actions set forth in Texas Government Code Annotated, Section 403.071(h) (Vernon 2013), to ensure that UHV's documents comply in the future. UHV must ensure that the findings discussed in this report are resolved.

Texas law requires the Comptroller's office to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.

Payroll transactions and deductions

Payroll transactions were audited for compliance with the General Appropriations Act (GAA), [Texas Payroll/Personnel Resource](#) and other pertinent statutes.

The audit identified:

- One salary underpayment.
- One incorrect effective service date/incorrect longevity payment amount.
- One missing prior state service verification/incorrect longevity payment amount.
- One salary overpayment.

A limited sample of voluntary contributions was also audited.

- No issues were identified.

Purchase transactions

Purchase transactions were audited for compliance with the GAA, [eXpendit](#) and other pertinent statutes.

- No issues were identified.

Travel transactions

Travel transactions were audited for compliance with the GAA, [Texttravel](#) and other pertinent statutes.

- No issues were identified.

Grant transactions

The audit included a limited review of UHV's transactions relating to grant payments. This review consisted of verifying that the payments did not exceed the authorized amounts. The review of these payments did not include an investigation of UHV's procedures for awarding the grants or monitoring payments made to grantees; therefore, we are not offering an opinion on those procedures.

- No issues were identified.

Refund of revenue transactions

Our audit included a limited review of UHV's transactions relating to refunds of revenue. This review consisted of verifying that the documentation provided reconciled with the payment amount in our sample.

- No issues were identified.

Fixed assets

The audit included a limited number of fixed assets acquired by expenditures during our audit period to test for accurate reporting in the State Property Accounting (SPA) System and to verify existence of the assets.

- All assets tested were in their intended location and properly recorded in SPA.

Security

The audit included a security review that entailed identifying any of UHV's employees with security in USAS, the Texas Identification Number System (TINS) or on the voucher signature cards who were no longer employed or whose security had been revoked. Upon termination or revocation, certain deadlines must be observed so that security can be revoked in a timely manner.

- No issues were identified.

Internal control structure

UHV's internal control structure was reviewed. The review was limited to obtaining an understanding of UHV's controls sufficient to plan the audit and did not include tests of control policies and procedures.

- No issues were identified.

Prior post-payment audit and current audit recurring errors

A prior post payment audit of UHV's payroll, purchase and travel transactions was concluded on July 19, 2010.

During the current audit, one recurring error was identified:

- Incorrect service dates causing incorrect amounts of longevity pay.

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DETAILED FINDINGS — PAYROLL

Underpayment of Salary Amount

Finding

The audit identified one employee that received half the monthly salary authorized on the personnel action report (PAR). The approved leave documentation provided to UHV by the employee was not taken into consideration when paying the employee resulting in leave without pay for that pay period. This resulted in an underpayment of \$1,479.50.

Agencies are required to maintain specific documentation to support the legality, propriety and fiscal responsibility of each payment made out of the agency's funds. The Comptroller's office may require the documentation to be made available during a post-payment audit, a pre-payment audit or at any other time. See [General Provisions – Required Documentation](#) in Texas Payroll/Personnel Resource on FMX.

During fieldwork, UHV corrected the underpayment through a supplemental payroll.

We provided UHV with the schedule of the incorrect payment. The schedule is not included with this report due to confidentiality.

Recommendation/Requirement

We recommend UHV ensure the amounts entered into USAS are exact and match the PAR that is in effect at the time of entry.

UHV Response

UHV agrees with the finding. UHV has implemented procedures and training to avoid future oversights.

Missing Prior State Service Verification/Incorrect Longevity Pay Amount

Finding

In our audit of the payroll transactions, we identified one employee missing additional state service. The employee had previously worked at UHV under her maiden name but was rehired under her married name. UHV failed to include her prior service when calculating her effective service date. As a result, she was underpaid \$560.00 for longevity pay and was owed 15 hours of vacation accrual. UHV stated this was an oversight.

The effective service date is derived by subtracting total days of lifetime service credit from the most recent employment date. The date is used to determine when longevity pay is to be increased. See [Non-Salary Payments – Longevity Pay](#) in Texas Payroll/Personnel Resource on FMX.

UHV has corrected the employee's state effective service dates to ensure future payments are correct. UHV promptly corrected the underpayment through a supplemental payroll. See 34 Texas Administrative Code, Section 5.40(c)(2013).

We provided UHV with the schedule of the incorrect effective service date during the fieldwork. The schedule is not included with this report due to confidentiality.

Recommendation/Requirement

UHV must ensure that prior state service is properly verified by using Social Security numbers or employee numbers to check for prior service and recalculating service time for its employees.

UHV Response

UHV agrees with the finding. UHV has implemented procedures and training to avoid future oversights.

Missing Documentation/Incorrect Longevity Pay Amount

Finding

In our review of the payroll transactions, we identified one personnel file missing the prior state service verification forms necessary to verify the employee's state service and accuracy of longevity payments. As a result of the audit, UHV has obtained the prior state service verification forms. The added service time resulted in an underpayment of longevity pay in the sample of \$480.00 and a total underpayment of \$1,380.00 outside the sample. The employee was also due 46 hours of vacation accrual. The employee identified prior state service on his job application, but UHV failed to follow-up and obtain the verifications. According to UHV, this occurred due to oversight.

Agencies and institutions are required to maintain specific documentation to support the legality, propriety and fiscal responsibility of each payment made out of the institution's funds. The Comptroller may require the documentation to be made available during a post-payment audit, a pre-payment audit or at any other time. See [General Provisions – Required Documentation](#) in Texas Payroll/Personnel Resource on FMX.

After receiving the verifications, UHV corrected the employee's state effective service dates to ensure future payments are correct. UHV promptly corrected the underpayment through a supplemental payroll. See the 34 Texas Administrative Code, Section 5.40(c)(2013).

The payroll schedule was provided to UHV during fieldwork and is not included with this report due to confidentiality issues.

Recommendation/Requirement

We recommend UHV ensure its new hire authorizations and necessary documentation are properly maintained and included in the files. UHV must ensure that prior state service is properly verified and documented for its employees.

UHV Response

UHV agrees with the finding. UHV has implemented procedures and training to avoid future oversights.

Overpayment of Salary Amount

Finding

We identified one instance in which an hourly employee was paid an incorrect amount of wages. The employee's time sheet showed 16 hours; however, the hours only totaled 12 hours. The employee and supervisor at UHV did not notice the discrepancy and 16 hours were entered into its internal payroll/personnel system. This error resulted in an overpayment of wages to the employee of \$48.32.

UHV stated the error was overlooked during the review process. UHV recovered the overpayment in accordance with Chapter 666, Texas Government Code.

We provided UHV with the schedule of the incorrect payment during fieldwork and is not included with the report due to confidentiality.

Recommendation/Requirement

UHV should caution its employees to double-check all totals that are submitted manually.

UHV Response

UHV agrees with the finding. UHV has implemented procedures and training to avoid future oversights.