

Fiscal Management Division
Expenditure Audit Section
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Post-Payment Audit of The University of Texas at San Antonio



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EXECUTIVE SUMMARY

Audit scope

A sample of The University of Texas at San Antonio (University) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) during the period beginning March 1, 2012, through Feb. 28, 2013, was audited to determine compliance with applicable state laws.

The University received appendices with the full report that included 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. The University should implement the recommendations listed in the Detailed Findings of this report. It is the University'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 the University's documents comply in the future. The University 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.

- No issues were identified.

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.

The audit identified:

- An incorrect amount paid.
- Missing/insufficient documentation.
- Missing statutory authority.

Travel transactions

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

The audit identified:

- An incorrect amount reimbursed for lodging and taxes.
- A duplicate reimbursement.
- Gratuities not payable.

Refund of revenue transactions

Our audit included a limited review of the University'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.

Direct deposit authorization forms

A review was conducted of the University's procedures to comply with the federal mandate to properly identify and handle payments involving the movement of funds internationally.

The audit identified:

- Seven of the direct deposit setup forms could not be located. We were unable to determine if the University adhered to the National Automated Clearing House Association rules requiring the identification of a direct deposit payment if it is an International Automated Clearing House Transaction.

Prior post-payment audit and current audit recurring errors

A prior post-payment audit of the University's payroll, purchase and travel transactions was concluded on April 12, 2010.

During the current audit, the following recurring errors were identified:

- Incorrect amount reimbursed for lodging and taxes.
- Gratuities not payable.

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DETAILED FINDINGS — TRAVEL

Incorrect Amount Reimbursed for Lodging and Taxes

Finding

We noted four travel documents that reimbursed employees an incorrect lodging and related tax amount. The University stated that it approved the higher lodging amount at the department level but was unable to provide documentation during the audit. The approval for the increase of the lodging amount was provided after the trip occurred.

The amount of reimbursement may not exceed the Comptroller's maximum reimbursement rate for lodging at the employee's duty point. See [Textravel – Meals and Lodging](#).

The agency head or designee of the agency head may determine that local conditions necessitate an increase in the lodging rate for a particular location for both in-state and out-of-state travel. This determination must be documented internally by the agency and made available upon request during a post-payment audit.

In addition, if the tax is calculated as a percentage of the lodging rate, then the amount of the reimbursement is equal to the percentage multiplied by the maximum that may be reimbursed to the employee for lodging expenses. See [Textravel – Maximum Reimbursement](#).

Recommendation/Requirement

We recommend that the University enhance its review process of all travel vouchers submitted into USAS for reimbursement to ensure that only expenditures that comply with state laws and rules are included in the entries.

We recommend retaining the approved higher lodging document done at the department level to support the travel expense claimed.

University Response

The Disbursements and Travel Services (DTS) department will continue to emphasize the requirement to comply with the Texas Comptroller of Public Accounts Textravel (updated June 6, 2013) in the Travel Training classes. Specifically, DTS will train faculty and staff on the requirement to obtain approval through the travel authorization for exceeding the GSA daily lodging rate versus upon return when the travel reimbursement is completed. Also, the University faculty and staff will receive travel tips/updates via the DTS Monthly Newsletter.

Duplicate Reimbursement

Finding

We identified two reimbursements from state funds for travel transactions where the expense was included twice in the amount claimed by the University. Two vouchers were submitted claiming the same airfare on both vouchers and using the exact same receipt. Another voucher had an amount for taxi claimed twice when only one taxi fare was accounted for on the voucher.

According to Texas Government Code Annotated, Section 660.007(a) (Vernon 2013), a state agency shall minimize the amount of travel expenses paid or reimbursed by the agency.

The University stated that the duplicate amounts were paid due to oversight. The University received reimbursement for the duplicate reimbursement for the airfare amount.

Recommendation/Requirement

The University's accounting staff should ensure that payments to the employees for travel reimbursements are reconciled in an effort to prevent duplicate reimbursement of expenses.

The University should seek reimbursement for the excessive amounts unless it determines it is not cost effective to do so. If reimbursement is obtained, the University must reimburse the State Treasury for the excessive amount.

University Response

The University operational guidelines allowed a traveler to submit partial reimbursement documentation on an open Request for Travel Authorization. In addition, the institution allowed partial payments based on verified documentation, thus, creating exposure for duplicate payments. Modifications to the operational guideline call for submitting all documentation prior to reimbursement. Once payment is made, the Request for Travel Authorization will be closed, eliminating the possibility for duplicate payments. The procedures were updated Feb. 29, 2012, and effective Sept. 1, 2013. The institution was reimbursed by travelers for duplicate payments and will reimburse the State Treasury for the excessive amount.

Gratuities Not Payable

Finding

We identified five travel transactions that reimbursed employees for transportation expenses that included gratuities. The University indicated that the gratuities were not identified as errors since the original vouchers were reimbursed from local funds where travelers were able to claim gratuities.

Texas Constitution, Article III, Section 51, prohibits the giving away of the state's money for private purposes. The payment of gratuities is a violation of this section.

Recommendation/Requirement

The University must ensure that all travel expense claims are thoroughly reviewed for legality and accuracy prior to payment.

The University must obtain a reimbursement from the traveling employees unless it determines it is not cost effective to do so. If reimbursement is obtained from the employees, the University must reimburse the State Treasury for the excessive amount.

University Response

The University recognizes and understands the importance of reviewing travel expense claims for legality and accuracy prior to payment. The University will continue to provide staff training throughout the year to stress the importance of not reimbursing gratuities.

DETAILED FINDINGS — PURCHASE

Incorrect Amount Paid

Finding

We identified seven transactions where an incorrect amount was paid to the vendor. Three of the seven transactions paid for freight, even though it was not included on the original purchase order (PO). Two transactions were identified in which the University paid more than the freight charges allowed on the PO. The University has a tolerance amount that allows for overpayment up to a certain amount. Freight charges should not be paid by the University if not specifically identified on the original PO. The University stated that it normally obtains a freight amount but in these instances it was not obtained.

We identified two transactions where the University paid more than the authorized amount on the PO. The University explained that the payments were approved by the department.

A PO is a contract entered into by the state and a vendor. The University may pay only the contracted amount as shown on the PO. If freight charges are not on the PO, the charges are not owed by the University and should not be paid.

When the University and a vendor agree to a certain rate or quantity, unless the PO is properly amended by the vendor providing additional consideration, any amount above that rate or quantity may not be paid. In addition, any amendments must be completed prior to the vendor providing goods or services.

Recommendation/Requirement

The University should document freight terms on each PO. In situations where the final amount of freight cannot be determined, estimates may be used. In those instances, the University should document the maximum allowable limit. If it is determined that the upper limit for a freight amount will be exceeded, the vendor should obtain approval for the higher amount. Any approvals for higher amounts should be documented prior to receiving the invoice.

The University must properly review and compare the invoices to the contract to ensure that:

- The payments do not exceed the amounts authorized in the contract and
- Any amendments to the original contract are documented.

University Response

Departments are authorized to purchase goods and services not to exceed \$5,000. Purchasing & Distribution Services provides training on completion of these small dollar purchase orders. The training instructs departments to include applicable freight charges as a “not to exceed” amount on the Purchase Order. The Purchasing Office will further emphasize this instruction in the training and will send a reminder to the University’s departmental buyers via the Purchasing group email listserve.

Missing/Insufficient Documentation

Finding

We identified five payments missing/lacking the documentation needed to determine whether the payments were made correctly.

- For one transaction, the training verification documentation needed to verify that the University's employee actually attended the training was not provided.
- For three transactions, the credit detail receipt was not provided. The University was not able to locate the supporting documentation to enable us to verify the items purchased.
- For one transaction, the PO, invoice and receipt were not provided.

Without proper documentation, we could not determine whether the information entered into USAS was an accurate reflection of the intended purchases made. Proper documentation must be maintained to verify that the payments are valid as well as to maintain a proper audit trail.

Supporting documentation must be made available to the Comptroller's office in the manner required by the Comptroller's office. The types of supporting documentation that the Comptroller's office may require include purchase orders, requisitions, contracts, invoices and receipts. See 34 Texas Administrative Code, Sections 5.51(e)(2)-(3) (2013).

Recommendation/Requirement

Supporting documentation for a purchase document must be made available in an audit to justify the validity of the payment. The University must ensure that it has adequate supporting documentation for all expenditures prior to processing the payment. Detailed item and pricing information must be documented and retained so that it can be used to verify proper billing and payment.

University Response

The University recognizes and understands the importance of obtaining proper documentation for all the University purchases. The University will continue to provide staff training throughout the year to stress the importance of proper documentation prior to making payments.

Missing Statutory Authority

Finding

We identified five transactions missing the statutory authority for payments made.

- For two transactions, the University was missing the statutory authority for payments to participants by the professor who was holding a study. The professor would request reimbursement from the University for amounts paid out to the participants.
- For three transactions, the University made payments to students for awards for a contest the students entered.

Unless a state purpose and statutory authority exist, a state agency is not authorized to purchase these items. See Opinion, Texas Attorney General No. C-557 (1965); and [eXpendit – Statutory Authority for Purchases](#).

Recommendation/Requirement

The University must determine whether an item has a specific state purpose before authorizing payment.

University Response

The University recognizes and understands the importance of determining whether an item has a specific state purpose. The Disbursements and Travel Services Office (DTS) will be advised of the findings and receive additional training that addresses the proper form and documentation appropriate for reimbursing the University professors conducting studies.