

Fiscal Management Division  
Expenditure Audit Section  
Auditor: Randy Taylor

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# Post-Payment Audit of the University of North Texas at Dallas



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## EXECUTIVE SUMMARY

### Audit scope

We audited a sample of the University of North Texas at Dallas (University) payroll transactions and all purchase transactions that processed through the Uniform Statewide Accounting System (USAS) during the period beginning Dec. 1, 2013, through Nov. 30, 2014, to determine compliance with applicable state laws.

The University receives appendices with the full report that may include a list of the identified errors. 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 Comptroller's office may take the actions set forth in Texas Government Code, Section 403.071(h), 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 Texas Comptroller of Public Accounts (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 payroll deductions

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

The audit identified:

- Non-compliance with Human Resource Information System (HRIS) reporting requirements.

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.

## Security

The audit included a security review to identify any of the University'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Identification Number System (TINS) or on the voucher signature cards who were no longer employed or whose security had been revoked.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.

The review identified:

- One employee who retained the security to expend funds after authority expired.

## Prior post-payment audit and current audit recurring finding

A prior post-payment audit of the University's payroll, purchase and travel transactions was concluded on Aug. 23, 2012.

During the current audit, the following recurring finding was identified:

- An employee who retained the security to expend funds after authority expired.

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## DETAILED FINDINGS — PAYROLL

### Non-Compliance with HRIS Reporting Requirements

#### Finding

During the post-payment audit period, the University processed payroll data through HRIS using 189 payroll and cancellation vouchers for a total dollar amount of \$12,709,785.54. Of these 189 vouchers, 48 vouchers with a total dollar amount of \$1,983,121.29 were reported past the statutory due date. The vouchers were reported from one to 121 days late.

The University was not in full compliance with the statutory reporting requirements for institutions of higher education. Personnel and payroll information is required to be reported to HRIS by Texas Government Code, Section 2101.0375.

The Comptroller's office collects and maintains payroll and personnel information for all state employees. The information is used to report statistics to various legislative and oversight bodies, media, and the general public. Institutions of higher education must report personnel and payroll events to HRIS as outlined in 34 Texas Administrative Code, Section 5.41(h)-(i).

The University explained that it was transitioning to a new payroll system so the HRIS reporting was delayed.

#### Recommendation/Requirement

The University must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner:

- Personnel transactions are timely when they are successfully reported to HRIS on or before the seventh day of the month following their effective date.
- Payroll transactions are timely when they are reported and posted by the seventh day of the month following their payment date.

#### University Response

*The University agrees with this finding and requirements.*

*HRIS reporting is managed by the payroll area in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, the delayed reporting issue was corrected shortly after the system conversion was complete. New and existing employees are receiving training to ensure timely reporting is maintained.*

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## DETAILED FINDINGS — EXPENDITURE APPROVALS

### Employee Retained Security to Expend Funds After Authority Expired

#### Finding

During the audit period, the University failed to timely submit a request to the Comptroller's office to remove one employee's USAS security to electronically approve expenditures. The request must be sent on or before the effective date of an employee's termination or revocation; in this case, the security request was never sent. This permitted the employee to approve any vouchers the University submitted electronically to the Comptroller's office through USAS for 101 days after the authority expired. As a result of the audit, the security has been removed. We did not find any documents approved by this employee during the 101 days.

When an employee's authority to approve an agency's expenditures is revoked for any reason, the employee's security profile must be changed not later than the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the agency. See 34 Texas Administrative Code, Section 5.61(k)(5)(A)-(B).

The University has procedures to notify the security coordinator of personnel actions. In this instance, the request to remove the employee's security was delayed because the security coordinator was not informed that the employee was removed from the signature cards in a timely manner.

#### Recommendation/Requirement

The University must ensure that the person responsible for sending these requests to the Comptroller's office is aware of the designated employee's termination or revocation on or before the date the termination or revocation becomes effective. The University must also follow through with the Comptroller's office to ensure receipt of the request and removal of the employee's security.

#### University Response

*The University agrees with this finding and recommendation.*

*Despite UNT Dallas promptly initiating internal notices of terminated employees via an electronic payroll request, there was a breakdown of automatic electronic communication between the campus and UNT System which has since been remedied. Furthermore, the USAS security processing for all employees under the UNT System will be formally centralized by Sept. 1, 2015. The formalization of centralization will allow for improved communication and monitoring of employee terminations or revocations. Processes within the System will be established to ensure confirmation is received from the Comptroller's office after revocation requests are submitted and matched with employee terminations or USAS revocations.*