

Fiscal Management Division
Expenditure Audit Section
Auditor: Raymond McClintock

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Post-Payment Audit of the University of North Texas Health Science Center



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EXECUTIVE SUMMARY

Audit scope

We audited a sample of the University of North Texas Health Science Center (Center) payroll, purchase and all travel 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 Center receives appendices with the full report that includes 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 Center should implement the recommendations listed in the Detailed Findings of this report. It is the Center's responsibility to seek refunds for all overpayments, unless it determines it is not cost effective to do so. If necessary, the Comptroller of Public Accounts (Comptroller's office) may take the actions set forth in Texas Government Code, Section 403.071(h) to ensure that the Center's documents comply in the future. The Center 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.

Travel transactions

The Center's travel transactions were audited for compliance with the GAA, [Textravel](#) and other pertinent statutes.

- No issues were identified.

Security

The audit included a security review that entailed identifying any of the Center's employees with security in USAS 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

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

- No issues were identified.

Auditor observation

We identified nine purchase transactions that did not include a freight amount on the purchase order. A statement saying, "destination, prepay, and add" is printed on the purchase orders to authorize adding freight and/or handling amounts. If more than one item is included on a purchase order, the shipping amount is pro-rated equally among all items for freight cost. When negotiating contracts, if the exact amount of freight is available, the purchase order must include freight as a separate line item. In instances where the exact freight amount cannot be determined, the Center should include an estimated amount on the purchase order to limit the amount charged by the vendor.

Prior post-payment audit and current audit recurring findings

A prior post-payment audit of the Center's payroll, purchase and travel transactions was concluded on May 31, 2012. We identified no recurring errors.

Upon completing the audit review and various meetings with the staff, it became obvious that the Center implemented the Comptroller's recommendations from the previous audit.

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DETAILED FINDINGS — PAYROLL

Non-Compliance with HRIS Reporting Requirements

Finding

During the post-payment audit period, the Center processed payroll data through HRIS using 543 payroll and cancellation vouchers totaling \$147,875,879.53. Of these 543 vouchers, 266 (totaling \$28,385,927.11) were reported past the statutory due date. These ranged from one to 121 days late.

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

Recommendation/Requirement

The Center 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.

Center Response

The UNT Health Science Center agrees with this finding and requirements.

HRIS reporting is currently managed by the Payroll Department 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, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.