

Fiscal Management Division  
Statewide Fiscal Services Dept.  
Expenditure Audit Section  
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# Post-Payment Audit of The University of Texas at El Paso



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# Table of Contents

## Executive Summary

Audit scope .....	i
Payroll transactions and payroll deductions .....	i
Purchase transactions .....	ii
Travel transactions.....	ii
Grant and refund of revenue transactions .....	ii
Security.....	ii
Prior post-payment audit and current audit recurring findings .....	iii

## Detailed Findings — Payroll

Non-Compliance with HRIS Reporting Requirements.....	1
--	---

## Detailed Findings — Purchase

Duplicate Payment.....	3
Contract Approved After Services Performed .....	4
Missing Purchase Order .....	5
Payment in Excess of PO Amount .....	6

## Detailed Findings — Travel

Missing Statutory Authority for Travel Expense.....	7
Incorrect Amount for Telephone Stipend .....	8
Lack of Conservation of State Funds.....	9
Incorrect Amount for Lodging and Taxes.....	10
Incorrect Amount for Travel Agency Fee .....	11
Gratuity Not Reimbursable .....	12

## Detailed Findings — Expenditure Approvals

Employees Retained Ability to Expend Funds After Termination .....	13
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## EXECUTIVE SUMMARY

### Audit scope

We audited a sample of The University of Texas at El Paso (University) payroll and purchase transactions, and all travel transactions, that processed through the Uniform Statewide Accounting System (USAS) during the period beginning June 1, 2014, through May 31, 2015, to determine compliance with applicable state laws.

The University received appendices with the full report that included 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 University was also audited for compliance with Human Resource Information System (HRIS) reporting requirements.

The audit identified:

- Non-compliance with HRIS reporting requirements. The University failed to report any payroll and only minimal personnel data to HRIS during the audit period.

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:

- Duplicate payment.
- Contract approved after services performed.
- Missing purchase order (PO).
- Payment in excess of PO amount.

## Travel transactions

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

The audit identified:

- Missing statutory authority for travel expense.
- Incorrect amount for telephone stipend.
- Lack of conservation of state funds.
- Incorrect amount for lodging and taxes.
- Incorrect amount for travel agency fee.
- Gratuities not reimbursable.

## Grant and refund of revenue transactions

We also conducted a limited review of the University's transactions relating to grants and refund of revenue 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 the University's procedures for awarding the grants or monitoring payments made to the payees; therefore, we are not offering an opinion on those procedures.

- No issues were identified.

## Security

The audit included a security review to identify any of the University'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.

The review identified:

- One employee who remained on the signature cards after termination.

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

A prior post-payment audit of the University's payroll, purchase and travel transactions was concluded on March 28, 2012.

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

- Missing purchase documentation.
- Invoice amount greater than PO amount.
- Missing statutory authority for travel expense.
- Lack of conservation of state funds.

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## DETAILED FINDINGS — PAYROLL

### Non-Compliance with HRIS Reporting Requirements

#### Finding

During the audit period, the University did not report any payroll data and reported minimal personnel data through HRIS.

Because the University failed to report personnel information as required by Texas Government Code, Section 2101.0375, the Comptroller's office issued the following reports with inaccurate and missing information for fiscal 2014:

- The Equal Employment Opportunity report,
- The Annual Report,
- Statewide Hiring Practices for the Fiscal Year and
- The Veteran's Workforce Summary report to the Legislative Leadership.

The failure to enter information in HRIS means the same reports, when produced, will reflect inaccurate and missing information for fiscal 2015.

During the audit of the University, the fact that the University had not reported payroll information to HRIS made it impossible to validate supporting documentation for the reimbursement payrolls that were submitted and paid during fiscal 2014 and 2015.

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. Personnel and payroll information is required to be reported to HRIS by Texas Government Code, Section 2101.0375, and by 34 Texas Administrative Code, Section 5.41(l)-(m).

The University explained that it was transitioning to a new payroll system that caused HRIS reporting to be significantly 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 the effective date. Payroll transactions are timely when they are reported and posted by the seventh day of the month following its payment date.

## University Response

*The University's HRIS activity is provided to the state by the University of Texas System. Due to the conversion to PeopleSoft in 2014, UTS was unable to provide HRIS to the state for several institutions, including UTEP. The reports are now being generated and UTEP has successfully completed all HRIS reporting for fiscal year 2014. Fiscal year 2016 has been kept current and all transactions have been reported to-date. Transactions for FY 2015 are currently being worked. We have successfully reported transactions through February 2015. All remaining transactions will be reported and finalized no later than May 31, 2016, as agreed to with the Comptroller's office.*

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## DETAILED FINDINGS — PURCHASE

### Duplicate Payment

#### Finding

We identified a duplicate payment from state funds for a purchase expenditure from the University Health Science Center at San Antonio. A department at the University submitted two separate vouchers claiming the same amount on both and using the exact same invoice.

The University stated that the duplicate amounts were reimbursed due to oversight.

#### Recommendation/Requirement

The accounting staff should ensure that invoices and payments are reconciled to prevent duplicate payments.

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

#### University Response

*We concur. The University continues its efforts to prevent any duplicate payments as we progress with implementation and full operation of PeopleSoft. The implementation of electronic workflow will assist in prevention of duplicate payments on unique invoice numbers.*

## Contract Approved After Services Performed

### Finding

We identified one instance where a contract was not created until after the services were completed at the University. The University's procedures require that a contract or PO be completed prior to obtaining goods and services, but this procedure was not followed in this instance.

The University could not determine why the contract was not created until after the services were received.

Without issuing the PO or contract and documenting it with the vendor prior to ordering the goods or services, it becomes difficult for the University to ensure it is not overcharged or billed for goods or services beyond those the University had agreed to purchase.

It is the general responsibility of a state agency and its officers and employees to "ensure for each purchase document, the agency maintains necessary documentation for proving that each payment resulting from the document is legal, proper, and fiscally responsible." See 34 Texas Administrative Code, Section 5.51(c)(1)(D).

### Recommendation/Requirement

The University must ensure that its procedures are followed. While a formal contract or PO is not required, the University must ensure that documentation of the purchase agreement is prepared at the time the University orders the goods or services.

### University Response

*We concur. The University will continue its efforts to educate departments to ensure that contracts/purchase orders are approved prior to services being performed.*

## Missing Purchase Order

### Finding

During our audit of the purchase transactions, we identified two transactions not supported by a PO. A PO is a contract entered into between the University and the vendor. When the University enters into a contract for goods or services with the vendor, expenditures under the contract may not exceed the established limit. The University may amend a contract and pay additional amounts only if the vendor provides an additional benefit, i.e., consideration, to the University. Any amendments to the original agreement should be documented.

Without a PO, it becomes difficult for the University to ensure that it was not overcharged or billed for goods or services beyond those the University had agreed to purchase.

The University's procedures require creation of a PO prior to obtaining goods and services, but in these instances it did not follow these procedures.

According to 34 Texas Administrative Code, Section 5.51(c)(1)(D), it is the general responsibility of a state agency and its employees to "ensure for each purchase document, the agency maintains necessary documentation for proving that each payment resulting from the document is legal, proper, and fiscally responsible."

### Recommendation/Requirement

The University must ensure that documentation of the agreement is prepared at the time the goods or services are ordered from the vendor. Once the University has made a final approved agreement with the vendor, the University may not pay any amount in excess of the agreed-upon amount unless the agreement is amended due to the vendor providing a new benefit, i.e., consideration, to the University.

### University Response

*We concur. The University will continue its efforts to educate all employees regarding the proper purchasing procedure ensuring the proper agreement is available prior to processing any payment.*

## Payment in Excess of PO Amount

### Finding

We identified one transaction where the University paid more than the authorized amount on the PO. The University explained that the payment was an oversight.

When the University and a vendor agree to a certain rate or quantity, unless the PO is properly amended due to 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 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 document any amendments to the original contract.

### University Response

*We concur. The University will continue its efforts to ensure that payments do not exceed the purchase order amounts and gather the proper supporting documentation.*

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## DETAILED FINDINGS — TRAVEL

### Missing Statutory Authority for Travel Expense

#### Finding

We identified four travel vouchers that reimbursed travelers for meals, lodging or taxes for expenses incurred by other travelers on multiple nights. The four travelers paid the meals, lodging or taxes, then were reimbursed for those expenses on their vouchers. One of the travelers planned to pay with a check but the hotel would not accept this form of payment. No explanation was given for the other three groups of travelers.

Upon return to headquarters, the travelers should have reimbursed the paying travelers, then claim the expenses on their individual travel vouchers.

An employee may only be reimbursed for his or her actual lodging expense not to exceed the maximum lodging reimbursement rate. See [Texttravel – Lodging](#).

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 [Texttravel – Maximum reimbursement](#).

#### Recommendation/Requirement

We recommend the University enhance its review process for 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.

The University must ensure that in the future it does not reimburse employees for lodging and taxes beyond those of the traveling employees.

The University must research any future travel expenses to ensure that proper statutory authority exists before expending funds for travel.

#### University Response

*We concur. The University will continue its efforts to educate all employees on travel policy to comply with state laws and rules.*

## Incorrect Amount for Telephone Stipend

### Finding

We identified one travel transaction where the University reimbursed an employee for a telephone stipend based on the total amount of the telephone instead of the monthly charge for the telephone.

The supporting documentation for the reimbursement listed an amount for the telephone and the monthly charge for the telephone. The University incorrectly reimbursed the total amount of the telephone instead of the monthly charge that was listed on the invoice.

Employees must ensure that their travel complies with applicable laws and rules and must not seek reimbursement for travel expenses that the employee should reasonably know are not reimbursable. See [Texttravel – Agency and employee responsibilities](#).

The University stated that this was an oversight.

### Recommendation/Requirement

The University must ensure that all requests for reimbursements are properly reviewed for validity and accuracy and to ensure it is in compliance with all applicable regulations and limitations.

The University should seek reimbursement from the employee unless it determines it is not cost effective to do so.

### University Response

*We concur. The Accounts Payable Processing office will closely monitor reimbursements and reconcile to the supporting documentation to comply with all applicable regulations and limitations.*

## Lack of Conservation of State Funds

### Finding

We identified one instance where the University reimbursed mileage to a traveler who was operating a personally owned vehicle to conduct official business. However, based on the applicable car rental rates, related tax, cost of gas and the standard mileage rates in effect at the time of travel, we determined that it was more cost effective for the state if the traveler used a rental vehicle instead of a personally owned vehicle. The University did not have policies and procedures in place that require employees to prepare, prior to travel, a cost comparison of a rental car versus a personal vehicle.

According to Texas Government Code, Section 660.007(a), a state agency shall minimize the amount of travel expenses paid or reimbursed by the agency. The agency shall ensure that each travel arrangement is the most cost effective considering all relevant circumstances.

### Recommendation/Requirement

The University must exercise caution in its use of state funds and ensure that those expenditures are fiscally responsible.

The University must create policies and procedures that require employees to prepare a cost comparison, prior to travel, between the cost of a rental car and the mileage reimbursement for a personal vehicle, to select the most cost-efficient option.

### University Response

*We concur. The University will continue its efforts to educate all travelers to be fiscally responsible. In addition, the Travel Processing office will be instructed to monitor reimbursements to meet the standard of cost effectiveness relevant to each individual travel situation.*

## Incorrect Amount for Lodging and Taxes

### Finding

We identified one travel voucher where the University reimbursed an employee for a greater amount of lodging and local hotel taxes than was reimbursable for the locality. The University could not explain why the wrong amount was reimbursed to the employee.

On another voucher, the traveler was reimbursed a reduced amount for lodging, but the taxes were reimbursed at the original amount on the receipt. As a result of the audit, the University realized that it had not recalculated the taxes based on the new lodging rate.

The amount of the reimbursement may not exceed the Comptroller's maximum reimbursement rate for lodging at the employee's duty point. See [Texttravel — Travel Reimbursement Rates](#).

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 [Texttravel — Maximum Reimbursement](#).

### Recommendation/Requirement

We recommend the University continue to review all vouchers submitted into USAS for reimbursement to ensure that only expenditures that comply with state laws and rules are included.

The University should seek reimbursement from the employees reimbursed excessive amounts for lodging and taxes unless it determines it is not cost effective to do so.

### University Response

*We concur. The University will continue to educate travelers and the Travel Processing office will monitor reimbursements to prevent any excess over the per diem amount to comply with all state laws and rules.*

## Incorrect Amount for Travel Agency Fee

### Finding

We identified one instance of an incorrect amount for a travel agency fee. The University reimbursed an international agency fee of \$23.57, when it should have reimbursed the domestic travel agency fee of \$16.50. The amount in error is \$7.07 and occurred due to an oversight by the University.

According to Texas Government Code, Section 660.007(a), a state agency shall minimize the amount of travel expenses paid or reimbursed by the agency. The agency shall ensure that each travel arrangement is the most cost effective considering all relevant circumstances.

The University did not detect the error when processing the travel reimbursement.

### Recommendation/Requirement

The University should caution its employees and approval staff to verify all totals that are submitted manually.

The University should seek reimbursement from the travel agency for the fees that were overcharged unless it determines it is not cost effective to do so.

### University Response

*We concur. The Travel Processing office will monitor manual transactions and work diligently with travel agencies to comply with all state laws and rules.*

## Gratuity Not Reimbursable

### Finding

We identified one travel transaction that reimbursed an employee for transportation expenses that included a gratuity. The University indicated that the error was not identified during the review process due to oversight.

The Texas Constitution, Article III, Section 51, prohibits the giving away of the state's money for private purposes. The payment of a gratuity 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 employee unless it determines it is not cost effective to do so.

### University Response

*We concur. The University will continue to educate travelers and the Travel Processing office will monitor reimbursements to comply with all state laws and rules.*

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## DETAILED FINDINGS — EXPENDITURE APPROVALS

### Employees Retained Ability to Expend Funds After Termination

#### Finding

During the audit period, the University did not notify the Comptroller's office about the termination of one employee designated by the University to approve its expenditures.

The employee remained listed on the University's voucher signature cards for 16 days after the employees' termination. The University is required to notify the Comptroller's office within five days after termination. The University's notification was 11 days delinquent. This means that the former employee could have approved paper vouchers submitted to the Comptroller's office during that time. Any payment produced by a paper voucher approved by the employee's expired authority would have constituted an unapproved expenditure. The Comptroller's office verified that no paper vouchers were processed from this employee after the termination date. See 34 Texas Administrative Code, Section 5.61.

According to the University, the employee remained on the signature card due to oversight. Any officer or employee may send the Comptroller's office notification of termination or revocation. See Section 5.61(k)(3)(B). Additionally, Section 5.61 does not specify how the Comptroller's office is to be notified about designated employees' terminations. Therefore, the Comptroller's office will accept emails, faxes, letters, memos or other writings as long as the writings indicate that:

- A designated employee has terminated employment or had security revoked, and
- The notification specifies the effective date of the revocation/termination.

#### Recommendation/Requirement

The University must enhance its controls to ensure compliance with the preceding requirements. The University must also ensure that the person responsible for sending these notifications to the Comptroller's office:

- Is aware of the designated employee's termination on or before the termination becomes effective, and
- Follows through with the Comptroller's office to ensure that the notification was received and the revocation occurred.

#### University Response

*The employee's account had been automatically deleted (STYX) since November 16, 1995. She was removed from the signature cards and proper internal control is now in place.*

**Comptroller Response**

Although the employee's access to the Comptroller's systems was removed on Nov. 16, 1995, the University did not remove the employee from the voucher signature cards until 16 days after her termination on May 31, 2015. The potential existed during this time for the employee to approve paper vouchers.