

Fiscal Management Division
Statewide Fiscal Services Dept.
Expenditure Audit Section
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Post-Payment Audit of Texas Tech University System



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EXECUTIVE SUMMARY

Audit scope

We conducted an expenditure post-payment audit of the Texas Tech University System (System). Due to the limited number of transactions in other expenditure groups (purchase and travel), the audit focused on payroll transactions that processed through the Uniform Statewide Accounting System (USAS) and the Human Resource Information System (HRIS) during the period beginning Sep. 1, 2014, through August 31, 2015, to determine compliance with applicable state laws.

During fieldwork, the System received appendices to include a list of identified payroll 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 System should implement the recommendations listed in the Detailed Findings of this report. It is the System'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 the System's documents comply in the future. The System must ensure 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 System was also audited for compliance with HRIS reporting requirements.

The audit identified:

- Incorrect state effective service date/Incorrect longevity pay amount.

A limited sample of voluntary contributions was also audited.

- No issues were identified.

Security

The audit included a security review to identify any of the System'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employees with security in USAS or on the voucher signature cards who were no longer employed or whose security had been revoked.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 security can be revoked in a timely manner.

- No issues were identified.

Internal control structure

The System's internal control structure was reviewed. The review was limited to obtaining an understanding of the System'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 findings

A prior post-payment audit of the System's payroll, purchase and travel transactions was concluded on Jan. 26, 2012.

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

- Incorrect state effective service date/incorrect longevity pay amount.

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DETAILED FINDINGS — PAYROLL

Incorrect State Effective Service Date/Incorrect Longevity Pay Amount

Finding

In our audit of payroll transactions, we identified several employees with incorrect months of service credit in the System's internal payroll/personnel system. Five employees were underpaid a total amount of \$2,040.00 of which \$1,980.00 was outside the sample and 12 employees were overpaid a total of \$600.00 of which \$380.00 was outside the sample.

The System's internal payroll/personnel system had incorrect months of service credit for 10 employees. As a result, the adjusted state effective service date within the System's internal payroll/personnel system was incorrect. The incorrect data did not result in any monetary impact to one of those employees. The System's internal payroll/personnel system had correct service months for eight employees; however, the amount of longevity paid was incorrect. The System did not provide an explanation regarding the inconsistencies with the state effective service dates in their internal payroll/personnel system.

The proper calculation of the state effective service date is derived by subtracting the correct total days of lifetime service credit from the most recent employment date. That date is used to determine when the longevity pay is to be increased. See [Texas Payroll/Personnel Resource – Longevity Pay](#).

We provided the System with schedules of the payment amounts during fieldwork. They are not included in this report due to confidentiality issues.

Recommendation/Requirement

The System should correct and verify months of service for its employees and enhance its internal controls to prevent incorrect longevity payments. The System must also compensate employees underpaid longevity pay through a supplemental payroll. See Texas Government Code, Title 34, Section 5.40 (c). The System should consider recovering the overpayment of longevity pay from employees in accordance with Chapter 666, Texas Government Code.

System Response

The Texas Tech University payroll and personnel areas have met and updated internal training documents to clarify proper recording of effective service dates. The System will also develop an annual review of effective service dates to aid in monitoring longevity payments.

A comprehensive review of all System employees has been completed and effective service dates have been updated accordingly. Any additional longevity amounts due to employees have been issued through payroll. Management has reviewed longevity overpayments and finds recovering these payments cost prohibitive.