

Fiscal Management Division
Statewide Fiscal Oversight Dept.
Expenditure Audit Section
Auditor: Steve Tamez

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Post-Payment Audit of University of Texas at Arlington



Glenn Hegar
Texas Comptroller of Public Accounts

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EXECUTIVE SUMMARY

Audit scope

We audited a sample of the University of Texas at Arlington (University) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) during the period beginning March 1, 2016, through Feb. 28, 2017, to determine compliance with applicable state laws.

The University 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 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

Payroll transactions were audited for compliance with the General Appropriations Act (GAA), the [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and other pertinent statutes. The University was also audited for compliance with Human Resource Information System (HRIS) reporting requirements. A limited sample of voluntary contributions was also audited.

The audit of the University's 70 employees personnel files identified:

- Two instances of incorrect longevity pay.
- One instance of incorrect hazardous duty pay.

Purchase transactions

Fifteen purchase transactions were audited for compliance with the GAA, [eXpendit \(FPP I.005\)](#), the [State of Texas Procurement and Contract Management Guide](#) and other pertinent statutes.

- No issues were identified.

Travel transactions

Travel transactions were audited for compliance with the GAA, [Textravel \(FPP G.005\)](#) and other pertinent statutes.

The audit of 28 travel transactions identified:

- One instance of reimbursement of unallowable expenses.
- Two instances of missing prior authorization to travel.

Travel card transactions

The travel card transactions were audited for compliance with the GAA, [Textravel](#) 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 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 University's internal control structure was reviewed. The review was limited to obtaining an understanding of the University's controls sufficient to plan the audit and did not include tests of control policies and procedures.

- No issues were identified.

Fixed assets

The University is exempt from Statewide Property Accounting (SPA) reporting and did not report nor record any fixed or capital assets in the SPA System during our audit period.

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 April 18, 2012.

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

- Incorrect longevity pay.

Contact:

Steve Tamez
512-475-0128

Contributing Auditors:

Anna Calzada
Somaia Farag
Raymond McClintock
Akeem Tory

DETAILED FINDINGS — PAYROLL

Incorrect Longevity/Hazardous Duty Payment Amounts

Finding

During the audit, we identified two employees who were incorrectly paid longevity pay, and one employee who was incorrectly paid hazardous duty pay. The University had the correct longevity/hazardous duty months in their internal payroll system, but these incorrect payments still occurred.

The errors resulted in two instances of overpayment of longevity pay totaling \$920, of which \$40 was in the sample, and one instance of underpayment of hazardous duty pay totaling \$60, which was outside the sample. The University stated that the errors regarding the longevity pay happened because an incremental change occurred in 1997, just after the University's conversion to DEFINE, which resulted in an inaccurate lifetime service date in their system. The University also stated the underpayment of the hazardous duty pay was a result of the job code not changed and set as hazardous duty eligible.

Agencies are required to maintain specific documentation to support the legality, propriety and fiscal responsibility of each payment made from agency funds. The Comptroller's office may require documentation be made available during a post-payment audit, a pre-payment audit or at any other time. See [Texas Payroll/Personnel Resource](#) – Required Documentation.

We provided the University with calculations of the incorrect payment amounts. They are not included with this report due to confidentiality issues.

Recommendation/Requirement

The University should verify their monthly payrolls to ensure that employees are receiving the correct payments of longevity and hazardous duty pay. The University should consider recovering the overpayments made to employees in accordance with [Texas Government Code, Chapter 666](#). Additionally, the University must compensate the employee who was underpaid hazardous duty pay.

University Response

The Office of Human Resources will continue to coordinate with Payroll Services to ensure proper payments of longevity and hazardous duty pay. In addition, we will continue to provide proper instructions to employees to ensure they are reporting prior state service at the time of hire. We will work with our police department to ensure we receive notification of commission dates in a more timely manner. These actions will reduce the need to pay retroactive amounts and ensure proper payments.

As recommended, UTA will send a request to recover the longevity overpayment of \$140. The employee is no longer employed with UTA.

DETAILED FINDINGS — PAYROLL

As recommended, the employee who was underpaid hazardous duty pay has been compensated for amounts due. This payment of \$60 was made December 2017.

As mentioned in the audit report, we have also verified state service for all employees identified, and we are now reporting state service for casual employees on a days-worked basis as recommended during the audit.

DETAILED FINDINGS — TRAVEL

Reimbursement of Unallowable Expenses

Finding

We identified one instance where the University reimbursed a traveler \$134.97 for the additional cost of a premium protection fee when the traveler rented a car to attend a conference. We determined that the University reimbursed the traveler for a charge that was unallowable.

The University failed to identify this error when reviewing the travel voucher prior to the reimbursement. The University stated it was an oversight in the review process, and the traveler did not follow the travel rules because the supervisor did not advise the traveler of the University's policies for travel.

A state employee is entitled to reimbursement for a car rental to conduct state business. The reimbursement cannot include cost for an additional protection plan as that is included in the state rate. The University reimbursed a traveler for travel expenses that were unallowable and/or were prohibited. See [Texttravel](#).

Recommendation/Requirement

The University must review documentation to ensure expenses are allowable and in compliance with university and state travel rules and regulations prior to processing payments. The University must ensure that all travel reimbursements are examined and allowable prior to payment to ensure compliance with all applicable regulations and limitations. See [Texttravel](#) and the University's Procedure 2-81-02 Travel Services – Travel Agencies, Airfare, Car Rentals and Hotels, Section 5(D).

The University should consider recovering the amount of the unallowable reimbursement unless the University determines it is not cost effective to do so.

University Response

The traveler who did not make car rental arrangements with a contracted car rental company was a student. The traveler/student has been counseled. It has been determined that the recovery of \$134.97 from a student is not cost effective.

Training and outreach to University travelers will be offered and given to ensure compliance with all applicable state travel rules and regulations, and university procedures.

Missing Prior Authorization to Travel

Finding

We identified two instances, totaling \$723.01, where two student employees did not have the required documentation to show prior approval for the travel. The University requires that every travel event have a Travel Authorization form completed and approved prior to the travel taking place. The University stated that the professor that oversees these employees did not advise them on the travel rules, policies and regulations.

Not following the rules, policies and regulations could lead to overspending for travel expenses and also does not provide for an opportunity to advise the traveler about the University's travel rules, policies and regulations. Section II of UTA Procedures 2-80-1-Travel Authorization and Obtain Permission to Travel (Prior to 8-12-2016) states, "Prior approval for all business travel is required before a trip occurs (whether or not there is a cost to the university). To obtain approval, the Travel Authorization is used. The Travel Authorization is used to authorize travel for employees, prospective employees, students and non-employees who travel for UT Arlington business."

Recommendation/Requirement

The University must ensure that all employees seek and obtain the Travel Authorization form and approval prior to travel taking place, and that each employee that will travel receives training on the University's travel policies and procedures.

University Response

A communication will be disseminated to the UTA community regarding the requirement of having a Travel Authorization issued prior to the start of a trip. Training and outreach to University travelers will be offered and given to ensure compliance with all applicable state travel rules and regulations, and university procedures.