



# An Audit of **The University of Texas at San Antonio**

**Audit Report # 743-18-01**  
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# Executive Summary

## Purpose and Scope

Objectives of the The University of Texas at San Antonio (University) audit were to determine whether:

- Contracts were procured according to applicable state laws and Comptroller requirements.
- Payments were processed according to applicable state laws, Comptroller requirements, and statewide automated system guidelines.
- Documentation to support those payments was appropriately maintained.
- Capital and high-risk assets were properly recorded.
- Appropriate security over payments was implemented.

This audit is conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period beginning Dec. 1, 2016, through Nov. 30, 2017.

## Background

The University of Texas at San Antonio is a multicultural discovery enterprise institution with nearly 31,000 students. It is the largest university in the San Antonio metropolitan region.

The University of Texas at San Antonio website:

<http://www.utsa.edu/about>

## Audit Results

The University generally complied with the General Appropriations Act (GAA), other relevant statutes, and Comptroller requirements. Auditors found no issues with purchase or grant transactions, property management and internal control structure. However, the University should consider making improvements to the University's payroll, travel and security processes.

The auditors noted no recurring issues from the prior post-payment audit issued in August 2014. An overview of audit results is presented in the following table.

## Table Summary

Area	Audit Question	Results	Rating
<u>Payroll Transactions</u>	Did payroll transactions comply with the GAA, other pertinent statutes, and Comptroller requirements?	<ul style="list-style-type: none"> <li>Two employees were missing prior state service; one employee's longevity pay amount was incorrect.</li> <li>One employee's hazardous duty pay amount was incorrect.</li> </ul>	Compliant, Findings Issued
Purchase Transactions	Did purchase transactions comply with the GAA, other pertinent statutes, and Comptroller requirements?	No issues	Fully Compliant
Contracting and Procurement Process	Did the contracts and related payments comply with the GAA, University internal policies and procedures, best practices, and other pertinent statutes?	No issues	Fully Compliant
Grant Transactions	Did grant transactions comply with the GAA, other pertinent statutes, and Comptroller requirements?	No issues	Fully Compliant
<u>Travel Transactions</u>	Did travel transactions comply with the General Appropriations Act (GAA), other pertinent statutes, and Comptroller requirements?	The University did not submit notification of travel to Washington, D.C. to the Office of State and Federal Relations.	Compliant, Findings Issued
Fixed Assets	Were tested assets in their intended location, properly tagged and properly reported in the University's internal system?	No issues	Fully Compliant
Internal Control Structure	Are incompatible duties segregated to the extent possible to help prevent errors or detect them in a timely manner and help prevent fraud?	No issues	Fully Compliant





Area	Audit Question	Results	Rating
<u>Security</u>	Are University employees who are no longer employed, or whose security was revoked, properly communicated to the Comptroller's Office?	One employee retained the ability to expend funds in USAS after her termination and retained the security to expend funds after her authority expired.	<b>Control Weakness Issues Exist</b>

## Key Recommendations

Auditors made several recommendations to help mitigate risk arising from control weaknesses. Key recommendations include:

- The University must ensure that it retains prior state service verification for all employees and that the correct state effective service date is used.
- The University must verify prior state service data for employees working in hazardous duty positions to ensure that they are receiving lifetime service credit for all eligible periods of employment in hazardous duty positions.
- The University must update its procedures to require notification be sent to the Office of State and Federal Relations for all employee travel to Washington, D.C.
- The University must ensure that terminated employees' access to Comptroller systems is removed on or before their termination date.
- The University must ensure that employees' security revocation is sent to the Comptroller on or before the fifth day after the employees' termination.



# Detailed Findings

## Payroll Transactions

Auditors developed a representative sample of 30 employees (145 payroll transactions totaling \$249,120.53) to ensure the University complied with the GAA, other relevant statutes and Comptroller requirements. Audit tests revealed the following exceptions in payroll transactions.

### Missing Prior State Service Verification/Incorrect Longevity Pay

We identified two employees missing prior state service verification (PSSV) forms. As a result of the audit, the University obtained the PSSV forms for both employees and corrected the information in the system.

One employee's PSSV form matched the data in the Human Resource Information System (HRIS); therefore, the longevity amount paid to the employee was correct. The second employee's PSSV form indicated additional service. The corrected state effective service date revealed that instead of increasing longevity pay from \$20 to \$40 starting Oct. 1, 2014, the University started the payment increase effective Jan. 1, 2015. This resulted in a total \$60 longevity underpayment to the employee for October through December 2014.

The University explained that it was not aware that the PSSV forms were missing from the employees' file because it went through a conversion process that should have correctly transferred all employee files from its former legacy system, Define, to PeopleSoft.

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

We provided the University with the calculation of the longevity underpayment amount. They are not included with this report due to confidentiality issues.

#### [Texas Payroll/Personnel Resource – Longevity Pay](#)

When an agency hires an employee, the agency must research if the employee has prior state service. If there is prior state service, the agency must:

- Confirm the amount of lifetime service credit, and
- Compute the correct amount of longevity pay entitlement.



## Recommendation/Requirement

The University should review its controls and personnel records to ensure accuracy and completeness, as well as guarantee that its internal operating procedures include quality control measures that will detect and prevent any incorrect compensation to an employee. See [34 Texas Administrative Code Section 5.40\(c\)](#). The University must compensate the employee for the underpaid amount.

## University Response

*The longevity pay for all of the employees identified during the audit has been corrected and action taken regarding their retroactive compensation.*

*HR has a process in place where all new, benefit eligible, employees are requested, via the completion of a form, to identify any prior Texas agencies that they have worked for. HR then uses this information to contact those agencies and validate the service claimed. In one of the situations identified, the employee failed to list their prior state service, but their job application listed an agency. HR was not checking the job application and therefore missed it. We have since modified our process to review the job application to see if any prior Texas agencies were listed, and we are referring to the new State of Texas Employment History Application to determine if the new employee has any state service listed in that application.*

*This three-pronged process (employee declaration form, review of job application, and reference to the State of Texas Employment History) will close all of the previous gaps and ensure our process of identifying prior state service is compliant.*

## Incorrect Hazardous Pay Amount

We identified one employee with incorrect months of service credit in the University's internal payroll/personnel system. The employees' hire dates did not transfer correctly during the conversion process from the University's former payroll system, Define, to PeopleSoft; therefore, employee's hazardous duty pay was based on incorrect state effective service dates. As a result, the employee was overpaid a total of \$180 in hazardous duty pay.

We provided the University with the calculation of the corrected hazardous duty pay amount. It is not included with this report due to confidentiality issues.

### Texas Payroll/Personnel Resource – Hazardous Duty Pay

**"Lifetime service credit – Applicable only to an employee in a hazardous duty position, lifetime service credit is the sum of all periods of employment in a hazardous duty position during the employee's state employment history. Periods of employment in a hazardous duty position at a community or junior college are included in lifetime service credit. Lifetime service credit is used in the calculation of the *effective service date for hazardous duty pay*."**



## Recommendation/Requirement

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The University should verify prior state service data for employees working in hazardous duty positions to ensure they are receiving lifetime service credit for all eligible periods of employment in hazardous duty positions. The University must ensure its operating procedures include internal quality controls and procedures to ensure that employee hire dates are entered correctly into its internal payroll/personnel system at the time of hire, to prevent incorrect hazardous pay amounts.

## University Response

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*The hazardous duty/longevity pay for the employee identified during the audit has been corrected and action taken to adjust and accurately compensate the employee.*

*The process associated with the collection and validation of lifetime state service is the same for longevity pay as it is for hazardous duty pay. The process described below describes the action HR has taken to ensure we accurately collect prior state service.*

*HR has a process in place where all new, benefit eligible, employees are requested, via the completion of a form, to identify any prior Texas agencies for whom they have worked. HR then uses this information to contact those agencies and validate the service claimed. In one of the situations identified, the employee failed to list their prior state service, but their job application listed such an agency. HR was not checking the job application and therefore missed it. We have since modified our process to review the job application to see if any prior state agencies were listed, and we are referring to the new State of Texas Employment History Application to determine if the new employee has any Texas State Service listed in that application.*

*This three-pronged process (employee declaration form, review of job application, and reference to the State of Texas Employment History) will close all of the previous gaps and ensure our process in identifying prior state service is compliant.*

## Purchase Transactions

Auditors developed a representative sample of 20 purchase transactions (totaling \$23,835.87) to ensure that the University complied with the GAA, other relevant statutes and Comptroller requirements. Audit tests revealed no exceptions in purchase transactions.

## Contracting and Procurement Process

Two contracts totaling \$24,080.00 and \$8,924.44 were reviewed. All phases of contract development, planning, solicitation, award, payments and monitoring were reviewed for compliance with the GAA, University internal policies and procedures, best practices, and other pertinent statutes. Audit tests revealed no exceptions in these contracts.





## Grant Transactions

Auditors developed a representative sample of three purchase transactions (totaling \$111,812.29) to ensure that the University complied with the GAA, other relevant statutes and Comptroller requirements. Audit tests revealed no exceptions in purchase transactions.

## Travel Transactions

Auditors developed a representative sample of 20 travel transactions (totaling \$2,098.24) to ensure that the University complied with the GAA, other relevant statutes and Comptroller requirements. Audit tests revealed the following exception in travel transactions.

### Failure to Submit Washington, D.C. Travel Information to the Office of State and Federal Relations (OSFR)

We identified one travel transaction for \$200 where the employee traveled to Washington, D.C., and did not submit the required travel information to the OSFR prior to travel. The travel voucher documentation indicated that the purpose of the trip was to attend an Association for Procurement Technical Assistance Center conference, which discusses the use of federal funding received for this program. The University indicated it was not aware of the requirement to submit travel information to the OSFR when traveling to Washington, D.C. However, the University communicated it has updated its policies and procedures to include this requirement.

[General Appropriations Act, 85th Legislature, Regular Session, Article IX, Section 6.12 \(b\) and \(c\)](#), states that prior to travel to the Washington, D.C. area, including any trip with a destination to the Reagan National, Dulles, or Baltimore Washington International airports, state agency personnel shall inform the OSFR regarding the (1) timing and purpose of the trip, and (2) name of a contact person for additional information. The term "travel" is limited only to activities (1) involving obtaining or spending federal funds; or (2) impacting federal policies.

### Recommendation/Requirement

The University should update its policies and procedures to include the requirement to submit travel information to the OSFR when traveling to the Washington, D.C. In addition, the University should enhance its review process to ensure its employees submit the required travel information to the OSFR prior to travel.



## University Response

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*The University has updated the Travel Authorization operational guideline reminding travelers of the requirement to file the required information with the Office of State and Federal Relations prior to traveling to D.C. when any activities are related to obtaining and/or spending federal funds or impacting federal policy.*

*As recommended, to enhance the review process, the University will update the Travel Authorization guideline advising travelers they must include with the electronic travel authorization a copy of the OSFR form submitted to the Office of State and Federal Relations as support when relevant travel to D.C. occurs. This information will also be added into relevant training courses.*

## Fixed Assets

Auditors developed a representative sample of six transactions of fixed assets acquired by the University during the audit period to test for proper tracking in the University's internal system. All assets tested were in their intended location and properly tagged.

## 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. The audit review did not reveal any weaknesses in the University's internal control structure.

## Security

The audit included a security review to identify any of the University's employees with security in Uniform Statewide Accounting System (USAS) or on the voucher signature cards who were no longer employed or whose security had been revoked. All three employees on the University's signature cards were reviewed, including one employee who was terminated during the audit period. Upon termination or revocation, certain deadlines must be observed so that security can be revoked in a timely manner. Audit tests revealed the following security exceptions.

### Failure to Request Security Access Removal

During the audit period, the University failed to submit a request to remove one employee's security access in USAS to electronically approve the University's expenditures on or before the date the employee's authority to approve the agency's expenditures was revoked. The request to remove the employees' security was sent 28 days late.



This could have permitted the employee to approve any vouchers that the University submitted electronically to the Comptroller through USAS after the employee's authority expired. Any payment produced by a document that was approved by an employee whose security has been revoked would have constituted an unapproved expenditure. We ran a report and determined that no unapproved documents were processed during the audit period.

When an employee's authority to approve an agency's expenditures is revoked for any reason, the employee's security profile must be changed no 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 their security coordinator of personnel actions. In this instance, the request to remove the employees' security was delayed.

## Recommendation/Requirement

The University must ensure compliance with the terminated employee security revocation requirements. It must also ensure that the person responsible for sending the revocation notifications to the Comptroller's office is aware of employee terminations on or before the dates the revocations become effective, and follows through with the Comptroller's office to ensure receipt of the notification and that the revocation occurred.

## University Response

*Management will communicate with all relevant departments that the internal form to remove security access to state systems must be completed when notice of an employee's termination occurs. The communication will also note that the security coordinator, who is the Associate Vice President of Financial Affairs, will process termination requests within 24 hours of receipt.*

## Failure to Notify Comptroller to Remove Employee from Signature Card

During the audit period, the University failed to timely notify the Comptroller's office about the termination of one employee who had been designated to approve its expenditures. The request to remove the employee from the signature card was sent 23 days late. This means that the former employee could have approved paper vouchers that were submitted to the Comptroller's office during that time. Any payment produced by a paper voucher that was approved by the terminated employee would have constituted an unapproved expenditure. We researched our archived files and determined no unapproved documents were processed during the audit period. The University has procedures to notify the security coordinator of personnel actions. In this instance, the request to remove the employee from the signature card was delayed.





Whenever a designated employee terminates employment with an agency, the Comptroller's office must receive notification of the employee's termination no later than the fifth day after the effective date of the employee's termination. Any officer or employee may send the Comptroller's office that notification. See [34 Texas Administrative Code Section 5.61\(k\)\(3\)\(B\)](#).

## Recommendation/Requirement

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The University must ensure compliance with the terminated employee security revocation requirements. It must also ensure that the person responsible for sending the revocation notifications to the Comptroller's office is aware of employee terminations on or before the dates the revocations become effective and follow up with the Comptroller's office to ensure receipt of the notification and the revocation occurred.

## University Response

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*Management will communicate with all relevant departments that the internal form to remove security access to state systems must be completed when notice of an employee's termination occurs. The communication will also note that the security coordinator, who is the Associate Vice President of Financial Affairs, will process termination requests within 24 hours of receipt.*

*Only a few employees are listed on the signature card. When one of those employees provides notice of termination, management will begin the process to remove their signatures as soon as notice is received.*



# Appendices

## Appendix 1 — Objectives, Scope, Methodology, Authority and Team

### Audit Objectives

The objectives of this audit were to:

- Ensure payments are documented so a proper audit can be conducted.
- Ensure payment vouchers are processed according to the requirements of the Uniform Statewide Accounting System (USAS) and either:
  - The Uniform Statewide Payroll/Personnel System (USPS),
  - The Standardized Payroll/Personnel Report System (SPRS),
  - The Human Resource Information System (HRIS) or
  - The Centralized Accounting and Payroll/Personnel System (CAPPs).
- Verify payments are made in accordance with certain applicable state laws.
- Verify assets are in their intended locations.
- Verify assets are properly recorded for agencies and institutions of higher education that use the State Property Accounting (SPA) system.
- Verify voucher signature cards and systems security during the audit period are consistent with applicable laws, rules and other requirements.

### Audit Scope

We audited a sample of The University of Texas at San Antonio (University) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) during the period beginning Dec. 1, 2016, through Nov. 30, 2017, to determine compliance with applicable state laws.

*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.*

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.



## Audit Methodology

The Expenditure Audit section uses limited sampling to conduct a post-payment audit.

## Fieldwork

Each auditor in the Expenditure Audit section approaches each audit with an appropriate level of professional skepticism based upon the results of the initial planning procedures.

If an auditor suspects during an audit that fraud, defalcations or intentional misstatement of the facts has occurred, the auditor will meet with his or her supervisor, the Statewide Fiscal Oversight manager, or both, to decide what course of action or additional procedures would be appropriate.

## Audit Authority

State law prohibits the Comptroller's office from paying a claim against a state agency unless the Comptroller's office audits the corresponding voucher.

- Texas Government Code, Sections 403.071(a), 403.078, 2103.004(a)(3).

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher.

- Texas Government Code, Section 403.071(g)-(h).

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis.

- Texas Government Code, Sections 403.011(a)(13), 403.079, 2155.324.

## Audit Team

*Eunice Miranda, Lead Auditor*

*Shanda Hernandez*

*Jack Lee, CPA, CFE*

*Aleks Necak*





## Appendix 2 — Definition of Ratings

### Compliance Areas

Definition	Rating
Agency complied with applicable state requirements and no significant control issues existed.	Fully Compliant
Agency generally complied with applicable state requirements; however, control issues existed that impact the agency's compliance, or minor compliance issues existed.	Compliant, Findings Issued
Agency failed to comply with applicable state requirements.	Non-compliant

### Internal Control Structure/Security Areas

Definition	Rating
Agency maintained effective controls over payments.	Fully Compliant
Agency generally maintained effective controls over payments; however, some controls were ineffective or not implemented.  These issues are unlikely to interfere with preventing, detecting, or correcting errors or mitigating fraudulent transactions.	Control Weakness Issues Exist
Agency failed to effectively create or implement controls over payments.	Non-compliant

### Repeat Finding

Definition	Icon
This issue was identified during the previous post-payment audit of the agency.	A circular icon with a red border and a white background, featuring a red arrow pointing clockwise in a circular path.